

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Paris, Saturday-Sunday, January 7-8, 1995

No. 34,792



A Chechen dancing for his comrades Friday in Grozny despite a fierce Russian mortar and artillery attack. Hundreds have been killed in and around the capital.

Near Grozny, Signs Point To Indefinite Guerrilla War

By James Rupert
Washington Post Service

YALKHOI-MOKHK, Russia — The road to Yalkhoi-Mokhk winds steeply up a mountain valley toward the snowcapped Caucasus chain on Russia's southern border. Even though it is icy and treacherous, and leads only to modest farming villages, it is busy these days with refugees fleeing the fighting in Chechnya — and armed men hurrying the other way to join it.

Attention in the last week has focused on Grozny, the capital of the rebellious region, where television images of shelling and street fighting have underscored the brutality of Chechnya's four-week-old war. The farming village of Yalkhoi-Mokhk, and the busy mountain road leading here, suggest a different point: Unless events reverse Russian policy in Chechnya, it will be fighting an indefinite guerrilla war here.

Chechnya, particularly its mountainous southern half, contains all the key elements that permit a people to fight a long guerrilla war. In critical ways, Chechnya and its people resemble Afghanistan, where a popularly backed nine-year guerrilla war defeated Soviet forces and contributed to the final collapse of the Soviet Union.

The Chechens, like the Afghans, live largely in mountainous terrain ideally suited for guerrilla warfare. They are proud of a centuries-long tradition of resistance to invaders — which in the last two centuries has meant the Russians. As here in Yalkhoi-Mokhk, their villages, although poor by Western standards, are economically self-sufficient. And they are heavily armed with the automatic rifles and other small weapons that are the mainstay of mountain war.

"We are ready for war in the most important way: psychologically," said Khasan Alatayev, Yalkhoi-Mokhk's chief administrator.

The last several months of the Russian-Chechen conflict have suggested that this is true. At each stage — as the Russians backed coup attempts here in July and November, sent troops in last month and

Moscow Rift Over Who Directs Battle In Chechnya

Yeltsin Demands Reply On Why Order to Stop Bombing Was Ignored

By Lee Hockstader
Washington Post Service

MOSCOW — More doubts were raised on Friday about who is running Moscow's war in the breakaway republic of Chechnya as President Boris N. Yeltsin demanded to know why Russian warplanes continued to attack the Chechen capital, Grozny, after he ordered that the bombing there be halted.

Mr. Yeltsin, who gave the order on Wednesday, said he wanted "absolutely clear information" from Defense Minister Pavel S. Grachev on whether it has been obeyed. The Russian bombing in and around Grozny has caused hundreds, possibly thousands of civilian casualties.

"This was announced to the entire world and all of Russia knows about it, but there is information" that the bombings have not been stopped, he said, referring to reports that aerial attacks on Grozny continue.

At the same time, the atmosphere of crisis and foreboding in Moscow deepened with the news that Mr. Yeltsin had canceled two scheduled public events: a ceremonial laying of the first stone at a Moscow landmark Saturday, and his state of the union address to a joint session of the Parliament next Wednesday. The Russian leader has appeared on television but not in public since he sent troops into Chechnya on Dec. 11.

The new pressure to end the fighting, President Bill Clinton sent a letter to Mr. Yeltsin appealing for a halt to the attacks to reduce civilian casualties. The Associated Press reported from Washington.

[Mr. Clinton expressed support for the territorial integrity of Russia and backed the notion that Chechnya is part of Russia, but also warned, "We are concerned about enormous civilian casualties."]

Also Friday, it was reported that Mr. Yeltsin has dismissed the director of the only state-owned television company that has dared to broadcast frank reports and footage of the war in Chechnya. The Russian human-rights commissioner, Sergei A. Kovalev, said Mr. Yeltsin told him in a meeting Friday that he had signed an order dismissing Oleg Popstov, head of the Russian Television and Radio Co.

In another development, Mr. Yeltsin's Security Council resolved to press ahead with the military campaign to "eliminate illegal armed groups" in Chechnya, Russia's Interfax news agency reported.

Reports from Grozny, which remains firmly in Chechen hands after nearly four weeks of war, said Russian artillery rained shells on the center of the city for much of Friday.

Most observers say they still expect another major Russian assault on Grozny despite the spectacular failure of the one launched on New Year's Eve and intense domestic and international opposition to the war. There have been reports in recent days that Russian reinforcements are moving toward the city.

Mr. Yeltsin's remarks on the bombing in Grozny were greeted here with considerable skepticism. A similar order from the Russian president last week was followed hours later by renewed bombing raids that destroyed an orphanage. At the time, the president said nothing.

General Grachev was quoted as telling Mr. Yeltsin in a meeting of the Security Council that there had been no bombing of Grozny since Dec. 23. "Not a single bomb has dropped over Grozny" since that date, Vladimir Shumeiko, who attended the council's session as head of the upper chamber of Parliament, quoted General Grachev as saying.

"Oh, give me a break," said a Western official in Moscow when he heard that Mr. Yeltsin had demanded to know whether bombing was continuing in Grozny. "He can turn on CNN and find out."

Nonetheless, there have been questions raised throughout the Chechen crisis about the extent to which the president is in control of events. Many commentators here have portrayed Mr. Yeltsin as being manipulated by his small Kremlin entourage, which is said to provide him with a distorted picture of events on the ground.

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France Warms to Iraq, Angering U.S. and Britain

By William Drozdiak
Washington Post Service

PARIS — In a political opening designed to end the ostracism of Iraq by the West, France welcomed a senior Iraqi leader Friday on an official visit for the first time since the 1991 Gulf War and announced that it would soon open a diplomatic mission in Baghdad.

France's foreign minister, Alain Juppé, held a 90-minute breakfast meeting with Iraq's deputy prime minister, Tariq Aziz, to discuss prospects for easing international sanctions now that Iraq has recognized

Kuwait's borders and complied with United Nations resolutions that require the destruction of all weapons of mass destruction.

The UN Security Council is scheduled to review Iraq's compliance on Jan. 17 to determine whether Baghdad has displayed sufficient good faith to warrant lifting an embargo on the sale of its oil. France, along with Russia and China, favors easing sanctions against Iraq, while the United States and Britain remain fiercely opposed.

[The United States sharply criticized

France's decision on Friday. Reuters reported from Washington. "We do not believe that this is a timely action," a State Department spokeswoman said. "We don't consider the particular decision to be helpful or constructive. Iraq continues to defy the international community and to violate many UN Security Council resolutions."]

The United States and Britain claim that Saddam Hussein's regime is incorrigibly dangerous and cite maneuvers last October, when units of Iraq's Republican Guard moved ominously toward the Ku-

wait border, as evidence of Iraq's continuing hostility toward its neighbors and the international community.

The Iraqi troops were later withdrawn after the United States dispatched soldiers, planes and armor to reinforce Kuwait's defenses.

But Mr. Juppé insisted that new efforts should be made to break the deadlock over sanctions. He acknowledged, however, that Iraq should take further steps to abide by UN resolutions by resolving the "painful issue" of Kuwaiti war prisoners and

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Japanese Cars Breeze Through Barrier of U.S. Price Increases

By James Bennet
New York Times Service

DETROIT — American automakers are celebrating a banner 1994, a year of ready customers and soaring profits. But one stubborn fact has emerged: The Japanese automakers, despite offering higher-priced cars against American vehicles of improved quality, did not lose any of their share of the U.S. car and truck market last year.

In fact, they gained share, and the Big Three automakers lost some.

Last year demonstrated how fiercely — and adroitly — the Japanese automakers will fight to retain American customers against tough odds.

The yen strengthened against the dollar to record levels last year, making it far more costly to import cars from Japan. And the Japanese economy continued to sag, restraining car makers from using profits at home to subsidize their operations in the United States.

But they kept bringing buyers into their showrooms by holding down price increases on popular models, emphasizing lease deals, shifting more production to the United States and introducing new, appealing cars and trucks.

"Anyone who underestimates the Japanese is in big, big trouble," said Robert Eaton, chairman and chief executive of Chrysler Corp.

In a business where a tenth of a point of market share is contested like Helen of Troy, the Japanese automakers gained two-tenths of a point to finish the year with 23.3 percent of the American car and light-truck market.

The European automakers also gained ground in 1994, although they remain relatively minor players in the United States. They finished the year with about 2.6 percent of the market, up four-tenths of a point.

In reporting sales for December and the entire year, the Big Three said this week that they lost seven-tenths of a point to finish with 73.2 percent. Every tenth of a point this year represented 15,000 sales — as many sales as Jaguar had in the United States and more sales than Land Rover.

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Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Cameroon.....1.400 CFA	Qatar.....8.00 Riels
Egypt.....E.P. 5000	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R.
Gabon.....960 CFA	Senegal.....960 CFA
Greece.....350 Dr.	Spain.....225 PTAS
Italy.....2.600 Lire	Tunisia.....1.000 Din
Ivory Coast.....1.120 CFA	Turkey.....T.L. 45.000
Jordan.....JD 1.50	U.A.E.....2.50 Dirh
Lebanon.....US\$ 1.50	U.S. Mail (Eur.) \$1.10

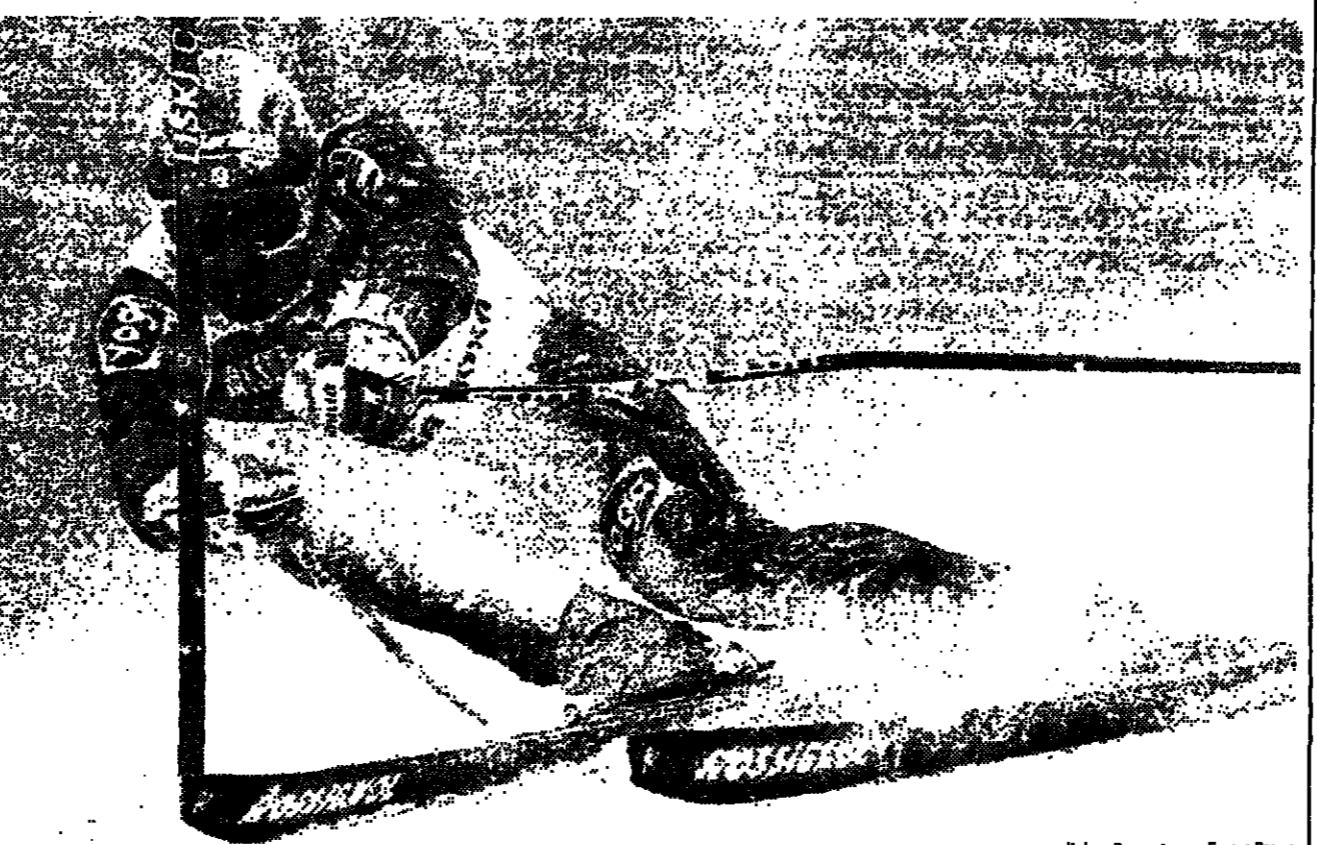
Kiosk Talks on Sealing Bosnia Truce Fail

SARAJEVO, Bosnia-Herzegovina (Reuters) — Talks to cement the ceasefire in Bosnia broke down Friday amid Muslim-Serbian disputes over a demilitarized zone and crippling preconditions posed by each side, United Nations officials said.

The UN peacekeeping commander in Bosnia, Lieutenant General Michael Rose, stalked out of the meeting at the Sarajevo airport without a word, and rival negotiators accused each other of trying to sabotage the truce that took effect on New Year's Day.

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Classified Advertising		Page 11.
Dow Jones		Up 16.49
Trib Index		Down 0.94%
The Dollar		3887.41
New York	1.5635	1.5607
DM	1.5486	1.5631
Pound	101.375	100.875
Yen	5.3988	5.353
FF		



A GIANT ON SKIS — Alberto Tomba, Italy's superstar, winning the giant slalom Friday in Kranjska Gora, Slovenia, for his sixth triumph this season. He is now one victory away from third place on the all-time World Cup list. Page 16.

The Global Stage: New Congress Unlikely to Alter Script

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — Imagine that in a single sweeping shakeout, the chief executive officers, top management and mid-level staffs of every bank, investment house and law firm in New York were replaced overnight.

That is the analogy Robert Hormats draws when he tries to explain to non-Americans the breadth of the political rev-

olution that placed Republicans in control of the U.S. Congress this week for the first time since 1954.

"It's a profound shift in personnel and philosophy of governance," says Mr. Hormats, vice chairman of Goldman Sachs (International).

Yet he and other analysts who observe Washington through a global lens are not suggesting that new faces will mean startling new policies. Although U.S. domestic

affairs may be radically altered by the Republicans, experts say the party's control of Congress will most likely not lead to revolutionary change in either foreign affairs or international commerce.

To be sure, the debate on policy-making and the meaning of vital U.S. interests will intensify. On Bosnia, for example, it already has. And the 1996 presidential race will do nothing to lower the volume.

Defense spending may turn a corner and

rise slightly. Congressional oversight of White House decisions will take on an assertive tone. And above all, Congress's grip on the purse strings will tighten, making any foreign move by the president that costs money subject to Republican approval.

Dues payments to the United Nations and other multilateral institutions are certain targets. And U.S. peacekeeping roles

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Germany's War Debts: After 62 Years, the Check Is in the Mail

By Floyd Norris
New York Times Service

NEW YORK — Sometimes a bad debt turns good. You just have to wait more than half a century.

Between the two world wars American investors lent Germany the huge (for the time) sum of \$210 million as part of the first great international effort to bail out a bankrupt country. Hitler later defaulted on the loans.

Now the German government is taking steps to pay back the last of the money.

For decades, the chances of the new payments being made seemed remote. In 1953 an international conference decided that Germany would have to pay only after the divided nation was reunified — a prospect that, at the height of the Cold War, seemed unlikely.

But 62 years after the default, the government of a reunited Germany is offering the lenders — or, more likely, their descendants — new bonds that will ma-

ture 15 years from now, 86 years after the original loans were made.

The loans were made to Germany to allow it to make reparations payments that the European Allies had demanded after World War I. After World War II, however, the Allies were more concerned about not repeating the mistakes they made after the first war by saddling Germany with bills it could not pay.

Meeting in London in 1953, the Allies agreed that no money would have to be paid unless, and until, Germany was reunified. In the meantime, no further interest would accrue.

West Germany paid off the principal by 1980, and the interest was all but forgotten — until Wednesday, when a German bank placed an advertisement in The New York Times describing the terms of the offer.

American bondholders will get new German government bonds, paying only 3 percent interest, and maturing in 2010. They will also get back interest to

1990. Americans who think they are owed money have been told to contact Deutsche Bank in New York.

The unpaid debt to American investors is about \$70 million, said Frank Morgenthaler, vice president of the Federal Debt Administration in Germany.

The saga of the bonds began in 1924, when the Dawes Conference was convened to find a way for Germany to meet its reparations payments — and to get France and Belgium to retreat from the industrial Ruhr Valley, which the two countries had occupied in an effort to force payment.

Americans bought \$110 million of the \$200 million in German bonds sold that year. At a time when the market rates for good credits were less than 5 percent, the Dawes bonds had a coupon of 7 percent and were sold at a discount that made their actual yield about 7.6 percent — the equivalent, in today's terms, of junk-bond rates.

At first, bankers were less than eager to sell the

bonds. But when Secretary of State Charles Evans Hughes began warning of "chaotic conditions abroad," they did such an enthusiastic job that the bonds leaped to a premium when trading began, and the Dawes plan was widely hailed as solving the problem.

By 1929, however, Germany was in trouble again. A new international bond issue was agreed to, with Americans putting up \$100 million when the bonds were sold in 1930.

That was widely, and wrongly, viewed as solving Germany's financial problems once and for all. Germany defaulted in 1933, and it was not until the 1950s that the lenders began to get any of their money back.

Now, with the newest bonds being issued, one of the great international financing stories of the 20th century is finally nearing resolution.

Russian Army's Might and Myth Shattered in Grozny

By Lee Hockstader

Washington Post Service
MOSCOW — Is the Russian Army the gang that couldn't shoot straight? That is the unavoidable question being asked here following Moscow's humiliating military debacle in Grozny. A New Year's attack on the Chechen capital failed spectacularly, leaving hundreds of Russian troops dead and wounded and the city still in the hands of ragtag rebels.

To be sure, the Chechens are legendary fighters — well armed, dangerous, and willing to die for their cause. They enjoy high morale and the tactical advantages inherent in defending a city.

But Russian blunders and bungling — in preparation, tactics, personnel and strategy — are at least as much to blame for Moscow's bloody nose, military analysts said. They predict that given Russian planning, which seems more suicidal than strategic, much more blood may be spilled before Russian troops take control of the wrecked city.

"Could this really be the same army that the West looked at with such fear for 40 years?" Pavel Felgenhauer, military editor of the newspaper *Sovod-*

nya, wrote in the *Moscow Times*. For many Western military specialists, the failure of the Russian assault came as a shock. Having spent their careers planning how to fight the mighty Russian Army in Europe, some experts were stunned when Russian troops proved incapable of taking a republic whose land mass is slightly larger than the Bahamas.

"One can't believe that anyone would have gone ahead with things the way they did unless they had no alternatives," said Andrew Duncan, senior military analyst at the International Institute for Strategic Studies in London.

"The most stupid thing was to drive through the center of Grozny with armored vehicles expecting to capture the palace in the middle of the city," he added. "People don't like driving tanks down the streets unless they know their own soldiers are in the houses on either side. It's a very dangerous journey."

So the Russians discovered. In their surprise attack New Year's Eve, Russian armored columns thrust into the city following an artillery and aerial barrage. They headed for the presiden-

tial palace, where the Chechen leader, Dzhokhar Dudayev, was believed to be holed up, as well as the railroad station and other key points.

But the attempt to storm Grozny with tanks and armored personnel carriers was ill-conceived — typically so, according to some analysts.

"Their tactics were absolutely atrocious," said Bernard Trainor, director of the National Security Program at Harvard University's Kennedy School of Government. "The same sort of thing they did in Afghanistan, they're doing in Grozny: sticking with an armored mentality, staying on the road, not getting out of their vehicles. It's the worst way to go about it."

General Trainor, retired from the U.S. Marine Corps, runs an annual two-week seminar at Harvard for senior Russian military officers.

"They're still operating off their recipe book for fighting the NATO forces: massive armored units plunging headlong without regard for opportunities or unexpected reverses," he said. "That's the way they trained for NATO. So when they're faced with a situation that's not in the mold of what they were trained for when fighting on

the plains of Germany, they just don't know how to handle it."

In the storming of Grozny, forward columns of the Russian armored assault were cut off from their backup units. Surrounded by Chechens, they were ripped to shreds with anti-tank weapons. Their incinerated vehicles and bodies remain on the streets of Grozny.

The Russian defense minister, General Pavel S. Grachev, seemed to realize that such a tactic would be folly. "I would never allow tanks and artillery to participate in combat within a city," he said in November. "It's the height of unprofessionalism."

But General Grachev inexplicably ordered precisely such an assault on Grozny.

Moreover, some of the troops sent into the city were raw recruits, with barely a month's service behind them.

There were reports of units getting lost on their way into Grozny and of Russian tanks mistakenly firing on each other. What was lacking was infantry — tough, tested foot soldiers who would fight house to house, street to street.

"The Russian Army simply has too

many aging tanks and not enough well-trained infantry," Mr. Felgenhauer wrote in the *Moscow Times*.

He said the Soviet Army's failure in Afghanistan and the Russians' experience in Chechnya had punctured the myth of Moscow's military power.

"If an attack on Western Europe had indeed taken place, Russian tanks would have burned in the streets of Germany just as they are burning now in Grozny," he wrote. "Our forces not only would not have made it to the English Channel; they would have been defeated before they even reached the Rhine."

In the final years of Soviet power and the three years since communism's collapse, the army's health has declined sharply as severe budget cuts and withdrawals from Eastern Europe and the Baltic states have taken their toll.

Today, Mr. Felgenhauer wrote, "the Russian Army does not really have any elite divisions."

"All units are understaffed, under-trained and not battle-ready," he added. "Those that are currently fighting in Chechnya are practically the best we have left."

WORLD BRIEFS

North Raises Issue of Kim's Health

SEOUL (AP) — In the second indication in two days that North Korea's leader could be ill, its official press reported Friday that calls for his good health were pouring in from around the nation.

Kim Jong Il, 52, has not formally taken power seven months after the death of his father, Kim Il Sung. The government made public television footage this week that it said showed Mr. Kim visiting an army unit on New Year's Day, but he did not make a New Year's Day address, as his father customarily did. His reclusiveness has led to speculation that he may have diabetes, or kidney or liver ailments.

The North Korean press agency KCNA reported Friday that people from all walks of life had sent Mr. Kim 100 kinds of medicinal herbs, wood carvings and other gifts to wish him longevity. The South Korean news agency Yonhap noted Thursday that the North's Communist Party newspaper, *Rodong Sinmun*, had reported on Dec. 17 that villagers were braving freezing rain to search for ginseng for Mr. Kim.

Gunmen Kill Algerian Journalist

ALGIERS (AP) — A journalist who was recently threatened with death by Islamic militants was shot and killed Friday near his home, his newspaper said. A reporter for the state-run radio was wounded and hospitalized in a separate attack.

Zine Eddine Aïfou Salah, 35, an investigative reporter for the *Algiers daily Liberté*, the country's largest French-language newspaper, was shot by two men near his home, his colleagues said. No arrests were reported. He had been threatened in a recent clandestine newsletter issued by a guerrilla group waging an assassination and sabotage campaign to destabilize the government.

The radio reporter, Ali Abboud, was wounded in an attack in the southern suburb of Birhadem, his colleagues reported. No details were available. More than 20 Algerian journalists have been killed since May 1993, when they became targets of extremists seeking to topple the military-backed government and install an Islamic state.

4 Die in Battle Despite Somali Truce

MOGADISHU, Somalia (Reuters) — Four people were killed and a dozen others were wounded on Friday when fighting between Somali militia broke out in the capital, Mogadishu, violating a cease-fire only a day after it came into force.

Witnesses who reported the toll said that gunmen from the Abgal and Murusade clans battled in the Bermuda district, bordering the city's United Nations-held port, in the worst fighting since the cease-fire took effect on Thursday morning.

The battle with machine guns, mortars, recoilless cannon and anti-tank rockets lasted from dawn until midday, according to a UN military spokesman. Each side accused the other of shooting first.

Iran's Air Force Chief Dies in Crash

TEHRAN (AFP) — Iran's air force chief, his deputy and four other senior officers were among 12 people killed when their plane crashed in central Iran, officials said Friday.

General Mansour Sattari, Deputy General Mostafa Ardestani and four other officers were killed along with six crewmen when their plane crashed late Thursday as it tried to return to the Isfahan airport after "technical difficulties," the officials said, adding that the plane had taken off for the capital, Tehran.

General Sattari, 46, who served in the air force under the shah before the 1979 revolution, commanded Iran's air defenses in the war with Iraq. He was considered the architect of the reconstruction and modernization of the air force, which was badly damaged in the 1980-88 war.

For the Record

Three Russian soldiers died in a clash with Islamic fighters in the Central Asian republic of Tajikistan, the second such incident this week, Interfax news agency reported on Friday. (Reuters)

Former President Kamuzi Banda of Malawi and a close associate were formally charged on Friday with the 1983 murders of four politicians, state-owned radio said. (Reuters)

Correction

An agency report in the Travel Update column in Tuesday's editions about trans-Atlantic fare reductions by Lufthansa erred in not saying that the fares are available only from New York and Boston to Frankfurt.

TRAVEL UPDATE

French and Dutch Snow Disruptions

PARIS (Reuters) — Heavy snow across Western Europe brought chaos to roads in France and the Netherlands on Friday and even briefly closed the airport in Marseille, on the Mediterranean.

The first snowfall in several years in Marseille affected flights for a short time, but both Roissy-Charles de Gaulle and Orly airports were kept open in Paris. Some flights in and out of the city were delayed slightly, while many travelers were delayed by the icy approach roads, airport officials said.

Much of the Netherlands was brought to a virtual standstill in the morning with roads clogged, many trains canceled and flights disrupted at Amsterdam's Schiphol airport after up to 10 centimeters (4 inches) of snow fell overnight. A Dutch news agency reported that Schiphol was forced to close some of its three runways, meaning delays of up to one hour on all flights. Dutch traffic policemen advised drivers to stay at home.

El Al will resume flights to Russia on Monday after resolution of a dispute over airline security, the Israeli Ministry of Transport said Friday. Israel also lifted its threat to halt Russian flights to Israel. The Israeli airline had canceled its flights Jan. 2 after Russian police barred El Al security agents from carrying weapons at Moscow's Sheremetyevo airport. (Reuters)

British Engineers Prod London on Ferry Safety

LONDON — Vital safety improvements that would enable passengers to escape from ferries of the type that went down in the Baltic in September are being introduced too slowly, according to a report published Friday by Britain's leading engineering body.

The Royal Academy of Engineering said Britain should consider restricting use of the country's ports by the vessels, known as roll-on-roll-off ferries, if international requirements were not revised immediately.

The report was prompted by the sinking of the ferry Estonia. More than 900 people were killed in the Baltic disaster, which investigators blamed on faulty ferry design. About 1,100 people have died in disasters involving roll-on-roll-off ferries in Europe since 1987, the report said.

Roll-on-roll-off ferries have huge doors front and rear to allow cars and trucks to drive on and off. Because of their huge open decks and lack of an internal bulkhead, they can be destabilized quickly by a relatively small amount of water on the car deck.

The report recommended that such ferries be modified to stay upright for at least 30 minutes after taking water onto the car deck.

The International Maritime Organization, the United Nations shipping authority, has set a timetable for modifications of these types of ferries extending to 2005.

However, the report recommended that Britain shorten the timetable — "in conjunction with other European countries, or if necessary alone."

The report urged Britain's Department of Transport to require a detailed analysis of ferries' safety features before granting operating licenses. It also recommended that ferry operators adopt more stringent quality assurance measures, to reduce the possibility of human error.

Allies Set for Another Round of Bosnia Peace Talks

By Craig R. Whitney

New York Times Service

BONN — The United States and four other countries trying to broker a peace settlement in Bosnia will soon begin a new round of shuttle diplomacy among the warring parties, a senior official of the group said Friday.

Officials of the five-nation contact group met in Bonn on Thursday and said they would convene again in Paris on Tuesday. One participant said they hoped by then to have agreement on a plan to turn the four-month cease-fire that has taken hold in Bosnia in recent weeks into a lasting peace.

This would require acceptance by Bosnian Serbs of a plan that was backed by the Muslim-led Bosnian government and its Croatian allies last summer. That proposal would divide the territory of the country, with the Serbs getting 49 percent of the land area instead of the 70 percent they now hold.

Foreign ministers of the five countries — Britain, France, Germany, Russia and the United States — agreed in Brussels last month to offer the Serbs the possibility of making changes in the map that went with the peace plan if they could get the other parties to agree.

But the Bosnian Serbs so far have refused to accept the plan before starting such negotiations, as demanded by the Bosnian government.

"The basic problem for the Bosnian Serbs is the map," an official said Friday.

The Serbs have said they would like to eliminate the eastern Muslim enclaves of Srebrenica and Gorazde, claim a part of Sarajevo and widen the corridors through



A Bosnian Serbian official heading past French peacekeepers Friday in Sarajevo to meet with the UN commander. But later, the negotiations on cementing the new Bosnian cease-fire broke down amid Muslim-Serbian disputes.

territory held by the Muslims and Croats.

But, the official said, "they don't want to give up anything."

"You don't know until you get face to face with the parties what they will finally agree to," the official added, "and probably we will decide on some kind of shuttle diplomacy after next week to see."

A statement on the Bonn meeting, issued by the German Foreign Ministry, called on the warring parties to let international food and medical convoys through, especially to the Muslim enclave around Bihać.

To monitor the latest cease-fire, the United Nations has asked for 6,000 more peacekeeping troops to reinforce the 24,000 already in Bosnia.

Officials from the North Atlantic Treaty Organization and the countries contributing to the UN force agreed last month to provide more troops, heavier arms and better communications equipment.

Some members of the contact group believe that the threat of wider violence, and a stalemate with the Muslim government forces, could spur the Bosnian Serbs into serious negotiations.

But with Bob Dole of Kansas, the new Republican majority leader in the U.S. Senate, vowing to press the Clinton administration to lift the arms embargo so that the Bosnian government can better defend itself, the diplomats also are under pressure to produce results soon.

Dole's Call Assailed

A top U.S. commander in NATO voiced opposition Friday to the call by Mr. Dole to lift the embargo. The Associated Press reported from Washington.

The proposal would widen

the war and endanger thousands of UN peacekeepers, said Admiral Leighton W. Smith Jr., commander of NATO forces in southern Europe.

"My fear is that there would be a fairly immediate escalation," he said.

"It puts those forces that are on the ground now in a more difficult situation."

Mr. Dole, in making the lifting of the arms embargo against Bosnia one of his legislative priorities, said Wednesday the embargo facilitated Bosnian Serbian aggression.

Joe Slovo, Mandela Ally and Conciliator, Dies at 68

By Bill Keller

New York Times Service

JOHANNESBURG — Joe Slovo, 68, the Communist intellectual widely credited with being a mastermind of South Africa's national reconciliation, died of bone marrow cancer Friday.

Mr. Slovo, an advocate in the South African Communist Party for half a century, was a folk hero to many blacks, the first white admitted into the leadership of the African National Congress and a member of the team that negotiated the end of white rule. He was minister of housing in the first freely elected government of South Africa.

With the arguable exception of Frederick W. de Klerk, the president who surrendered the

white political monopoly, probably no white man did as much as Mr. Slovo to shape the new South Africa.

And he immensely enjoyed the irony of it: that although fellow whites vilified him as a Stalinist and a revolutionary, his major contributions to the new order were acts of compromise and moderation.

It was Mr. Slovo, with his militant credentials as a former commander of anti-apartheid guerrillas, who in 1990 persuaded Nelson Mandela and other resistance leaders to suspend their military assaults to create a climate for negotiations.

And it was Mr. Slovo who in 1992 first broached the idea of a unity government, including a five-year guarantee of job security for the powerful and potentially disruptive whites in the civil service and the military.

Born in Lithuania in 1926, he moved to South Africa with his parents at the age of 9. He fought with a South African armored division against the Nazis in World War II, then used a veteran's grant to study law at the University of the Witwatersrand, where he met a fellow law student named Nelson Mandela.

Mr. Slovo joined the Com-

munist Party in 1942. Mr. Mandela was something of a black nationalist and, as he explained in his autobiography, he disdained communism as a foreign, white ideology.

But the men forged a friendship that grew into an unshakable political alliance. Over the years Mr. Slovo and other white Communists assumed influential places in the African National Congress. He often said his party's greatest role was in steering the Congress away from black nationalism to a doctrine of nonracialism.

"The culture of nonracialism is now deeply embedded," he said in a recent interview. "That has a great deal to do with the Communist Party."

Mr. Slovo was a faithful apologist for the Soviet Union, even when others in the anti-apartheid movement were anxious about Soviet behavior.

In a recent interview, he said that he began to have deep doubts about his Communist patrons in the 1960s but suppressed them. For example, to speak out against the crushing of dissent in Czechoslovakia, he said, would have meant his ostracism from the party and probably from the African Na-

tional Congress as well, which was equally slavish in defending its Soviet sponsors.

"The choice that you face is that you either continue to be able to make a contribution to the struggle or not," he said, "because at that stage, that kind of thing just was not tolerated."

"I was wrong, and I'm ashamed of some of the traps I was led into," he added, citing specifically his defense of the Warsaw Pact invasion of Czechoslovakia in 1968.

But he said that given the chance, he would do nothing different, because fealty to Moscow was a prerequisite for leadership in the anti-apartheid struggle.

Brooks Stevens, 83, whose streamlined industrial designs were expressed in everything from lawn mowers to Harley-Davidson motorcycles, Studebaker cars and passenger trains, died Wednesday in Columbia Hospital in Milwaukee, apparently from heart failure.

Hans-Otto Steiff, 75, former president of Margaret Steiff GmbH, the first mass marketer of teddy bears and other cuddly animal toys, died on Dec. 31 in his hometown, Giengen, Germany, following several strokes.

France to Punish Radio for 'Joke'

The Associated Press

PARIS — Government censors said Friday that they would punish a radio station with a 24-hour shutdown because one of its talk-show hosts described reports of a policeman's murder as "good news."

The president of Skyrock radio, Pierre Bellanger, apologized for the remark, dis-

missed the offending employee and said the program, "The Monsters," would be taken off the air temporarily.

But he protested as "disproportionate" the decision by the government-appointed Higher Audiovisual Council to impose a 24-hour shutdown of the station on Monday.

The offending remark con-

cerned Georges Janvier, a police officer killed in Nice during a shootout between rival gangs on Monday night.

A Skyrock co-host known as Jice, reporting the incident on Tuesday, said, "There's a cop who's died in Nice, and that's pretty good news."

The comment was repeated several times.

China Bolsters Drive To Subdue Activists

By Patrick E. Tyler
New York Times Service

BEIJING — Communist Party leaders in recent weeks have been sending a stream of blunt messages to China's political dissidents for them to keep a low profile or stay overseas as the country prepares for the political transition that will follow the death of the ailing Deng Xiaoping.

Western diplomats based here say the campaign is intended to chastise anyone who threatens to wrinkle the brittle political fabric of the capital this winter.

On Dec. 27, the Beijing apartment of Liu Zaifu, a prominent literary scholar living in the United States, was broken into and ransacked by five men in plainclothes, neighbors said. Ten thousand books, scrolls, paintings and calligraphy were carted away.

The men said they were reclaiming the apartment under the authority of the Chinese Academy of Social Sciences, where Mr. Liu was director of the Institute of Literature in the 1980s.

The break-in occurred just as Mr. Liu was exploring the possibility of moving back to China, where he was once a powerful voice advocating democracy. Now, it seems, he has gotten the message — do not come home.

Earlier in December, a student leader of the Tiananmen Square democracy movement in 1989, Wang Dan, filed a complaint in the Beijing Intermediate People's Court seeking relief from the surveillance team that had dogged his every step since last spring.

Two days later, Mr. Wang said, six or seven plainclothes agents or seven plainclothes agents cursed him and threatened to beat him to death. Mr. Wang has gone into hiding.

When a Northwest Airlines flight landed in Beijing on Nov. 24, the renowned Chinese poet Bei Dao was intercepted by security police and subjected to an all-night interrogation in which Mr. Bei was questioned about his association with the group Human Rights in China, which is based in New York.

Western diplomats based here say the Chinese leadership has moved with stealth and efficiency to prevent any political opposition from forming like the one that stirred a year ago. China's security forces are controlling not only the dissidents inside the country, but also those living abroad. Two human rights organizations based in New York say they have uncovered a blacklist of overseas Chinese dissidents who will not be allowed to return — in many cases until 1998.



Tariq Aziz answering questions Friday in Paris after a meeting with Alain Juppé, right.

IRAQ: France Moves to End the Ostracism of Baghdad

Continued from Page 1

other foreigners still missing inside Iraq.

France's decision to open an interest section in the Roman Embassy in Baghdad drew immediate criticism from Britain, which complained that the move sent the wrong kind of signal and was not coordinated with other European Union partners.

"No other member state has re-established in Baghdad in this way," a British Foreign Office spokesman said. "We remain very suspicious of the Iraqi regime's intentions in the wake of the events last October. It is not the moment to relax pressure on Iraq to comply fully with UN requirements."

Mr. Aziz, who stopped in Paris on his way to the United Nations in New York, applauded the French initiative to set up a diplomatic mission in Baghdad. He said it would make easier bilateral relations with Paris and improve the carrying out of UN resolutions.

He said his country was providing full cooperation to the UN special commission in

charge of supervising Iraq's disarmament. A recent report by the commission head, Rolf Ekeus, deplored gaps in information supplied by Iraqi authorities regarding biological weapons, but conceded that Baghdad had offered much better assistance in the last six months and that a long-term monitoring system was now working.

Mr. Juppé remained coy about whether sanctions would be lifted in response to Iraq's behavior, noting that although "some progress has been made over the past months, more remains to be done."

Like Russia, France was one of Iraq's major arms suppliers and trading partners before the Gulf War, selling billions of dollars' worth of sophisticated weaponry to Baghdad in exchange for credit and oil shipments. France wants to lift sanctions after a probationary period of six months, hoping that this might restore Iraq's economic health and help France recover some of the estimated \$5 billion in debts it is owed by Baghdad.

French companies, meanwhile, have been pursuing lucrative contracts that they want to consummate as soon as sanctions are lifted. A large delegation of leading French enterprises visited Baghdad last summer, and two French oil companies, Total and Elf-Aquitaine, have signed preliminary agreements to embark on exploration and development of Iraq's enormous petroleum reserves.

While French oil and business interests may loom large in the latest initiative, French officials contend that the rise of Islamic militancy throughout the Middle East also makes it imperative to contribute to political stability in the region by ending Iraq's isolation.

French diplomats said Iran's continuing hostility toward the West, its emerging military power in the Gulf and its export of terrorism should convince Western governments that it is in their own strategic interests to rebuild Iraq as a strategic counterweight on Iran's western border.

Sri Lanka And Tamils Start Truce On Sunday

By Molly Moore
Washington Post Service

COLOMBO — The Sri Lankan government and Tamil rebels who have been fighting a civil war for 11 years have agreed to a truce beginning Sunday, the first step in what could become a permanent peace. President Chandrika Bandaranaike Kumaratunga said Friday.

"I pray that this will be the dawn of a new era of peace for our long-suffering nation," Mrs. Kumaratunga told the opening session of Parliament in her first address to the body as the country's new president.

Mrs. Kumaratunga cautioned that truce was only the prelude to negotiating difficult political issues that continue to separate the warring factions, but added that the Tamil rebels and the government seemed more intent on resolving the conflict than at any other point in recent years.

The Liberation Tigers of Tamil Eelam, who represent the island's main minority ethnic group, have been fighting for an independent homeland on the northern and eastern reaches of the country since 1983. The Tamils, who are primarily Hindus, make up about 18 percent of the country's 17 million population, while the majority of Sri Lankans are Buddhists.

Mrs. Kumaratunga outlined the tentative peace agreement, which includes a halt in offensive operations on both sides, a neutral zone separating the warring forces and six international observer teams to monitor the "no-man's-land."

The government and Tiger rebels have not been able to agree on where to reopen a land route that would allow civilian passage between the northernmost peninsula of Jaffna and the rest of the island. The overland routes have been closed since 1991, essentially isolating the civilian population on the peninsula.

Quint-Essential Treatments Multiply Visitors' Swiss Tab

International Herald Tribune

GENEVA — To the commercial delight of Swiss merchants and hotel keepers, Russia's new millionaires are filling the places occupied by visitors from the Middle East before their oil fortunes dwindle.

"The Russians are polite, they know quality and they pay in cash and in dollars," said a Geneva jeweler, bemoaning the ancient Swiss maxim that a foreigner is as respectable as his currency is hard.

But occasionally even Russia's new millionaires trade in capitalist exploitation. Such was the case with one Moscow banker, Andrei, and his life's companion, Oksana.

When Oksana, following hormone treatment in Germany against sterility, conceived quintuplets last autumn, Moscow gynecologists suggested the couple go to Switzerland for the complicated birth procedure and postnatal care.

So in November, at the renowned medical center of Lausanne University, Oksana gave birth to Maria, Daria, Julia, Ivan and Nikita. The babies, premature, weighed 600 grams each and were put in intensive care in separate incubators. One of them did not survive.

According to the Lausanne daily newspaper *Nouvelles Quotidiennes*, the Russian parents, who spoke on condition that their last names not be published, were satisfied with Swiss medical expertise, but nonplussed when they received a bill for 1 million Swiss francs (\$770,000) for 60 days of care.

According to the newspaper, the clinic charged 3,600 Swiss francs a day for each baby, multiplied by 60 days.

Banker or no, Andrei said he could not pay. Negotiations followed. So did a threat by a friend to "call in CNN."

Denying that a million-franc invoice was ever considered, the clinic reduced daily charges to 1,900 francs each.

In Bern, public health officials concede that the daily charge for Swiss quintuplets would have been only 725 francs per baby, but like all nonresidents, the Moscow couple was subjected to the special rate for "private foreign patients."

Singapore Executes Woman Convicted of Drug Smuggling

The Associated Press

SINGAPORE — A young Hong Kong woman convicted of drug smuggling was hanged Friday after a rare reprieve to let her spend Christmas with her 9-year-old son and parents.

The execution of Angel Mou Pui-Peng, 25, who was born in Macao and lived in Hong Kong, was carried out despite several clemency petitions, including one on Thursday by Amnesty International, the London-based human rights group.

The president of Portugal, Mario Soares, and the Portuguese government had also appealed for clemency.

The governor of Macao, Vasco Rocha Vieira, denounced the hanging as "incomprehensible and even revolting," the Portuguese national news agency LUSA reported.

Singapore routinely ignores such criticisms, saying its uncompromising laws have helped make the city-state generally crime-free.

Singapore's drug law mandates the death penalty for smuggling in as little as 15 grams (a half-ounce) of heroin. She was the 95th person to hang here for a drug offense.

Ms. Mou was scheduled to

hang on Dec. 23, but the government gave her a reprieve following a petition by her parents. Her son, parents, a sister and another relative were with her for Christmas.

Ms. Mou was arrested in 1991 when she arrived at Changi Airport with a suitcase containing 5.6 kilograms (12.3 pounds) of heroin. She was sentenced to death in 1993.

Ms. Mou maintained her innocence, saying she believed the suitcase contained contraband watches.

REBELS: In Chechen Countryside, Signs Point to Indefinite Guerrilla War

Continued from Page 1

assaulted Grozny last week — they have seemed to underestimate the Chechens' readiness to fight for independence.

Actually, Yalkhoi-Mokhk is already fighting the war, sending scores of men, in shifts, to battle the Russians in Grozny. One group from the village, Mr. Alatayev said during an interview this week, "came back last night wet and dirty. They slept and changed their clothes, and this morning we sent a full truckload back down."

There were signs that Yalkhoi-Mokhk is prepared not only emotionally but militarily as well. There is not much for men to do here but talk. So when two journalists visited, about 40 men jammed into Mr. Alatayev's office to listen.

He said that practically everyone present had served in the Soviet Army, and that 20 to 30 had fought in Afghanistan.

"And," added a man in the back of the room, "we sent a number to Abkhazia" in 1993, to help fellow Caucasus Mus-

lims there fight for independence from Georgia.

One of those ready to fight is Suleyman Soltagaev, a smiling 25-year-old who carried his AK-47 assault rifle around the village with him. "I bought it last year," he said. "We all have them."

"Frankly," he said of the Russian invasion, "we have known for a long time that this would happen."

"We don't have a definite military organization," Mr. Soltagaev said, but he indicated

that that was no problem. There were men, he suggested, who would automatically step into leadership positions and be accepted because of their military experience. Every village has an office where elders make communal decisions — including decisions about defense, he said.

The villages of southern Chechnya are watching not only the fighting, but also a concentration of Russian troops to their east, in the Russian region of Dagestan. "We expect them to attack," Mr. Soltagaev said, "which is why we don't send all our men down to Grozny."

For all the Chechens' similarities with the Afghans, however, there are several differences. The Chechens lack a weapon against the Russian Air Force like the Stinger missiles that the United States supplied to the Afghans. The Chechens also lack the financial support provided to the Afghans by the United States and Islamic nations.

But the Chechens do have large numbers of sympathizers in the surrounding regions — Dagestan to the east and Ingushetia to the west, and the republics of Azerbaijan and Georgia to the south — who will help with money, smuggled arms and fighters.

Yalkhoi-Mokhk and a neighboring village, which have a combined population of 3,000, have taken in 2,000 refugees from Grozny and nearby towns. Mr. Alatayev said. Even under the flood, the village's Chechen tradition of hospitality is unbroken. All the refugees are staying in villagers' homes, "where we can take care of them" better, Mr. Alatayev said.

"When we have no more space in our homes, only then we will put them in the school," he said.

RUSSIA: Doubts Raised

Continued from Page 1

In Chechnya, Mr. Kovalev, the human-rights commissioner, who returned this week from three weeks in Grozny, said Mr. Yeltsin assured him Friday that he had complete and accurate information about the war, which has so far been a debacle for Moscow.

Mr. Kovalev has become a hero to liberals here because of his strong stance against the war and daily attacks on official lies and distortions surrounding events in Chechnya. After he met with Mr. Yeltsin on Friday, hundreds of journalists came to a news conference to hear Mr. Kovalev describe his encounter with the Russian leader, who has never seemed a more remote figure.

He said Mr. Yeltsin listened in frosty silence as he described the situation in Chechnya and how official disinformation had distorted the real picture of events there. "Your point of view will be taken into account," he quoted Mr. Yeltsin as saying at the conclusion of the meeting.

Mr. Kovalev also met with a group of ambassadors from leading Western countries, including the United States, Britain, France and Germany, and urged them to press Mr. Yeltsin to stop the war.

He said that, according to international treaties, when large-scale violations of international agreements occur, "this is the business of the world community."

The Defense Ministry reported Friday that 256 Russian servicemen had been killed since Dec. 11, including 116 infantry soldiers, 100 paratroopers and 40 Interior Ministry troops. Officials said, however, that those figures included only dead soldiers who had been identified.

CARS: Japanese Sales Kept Rolling Despite Price Rise

Continued from Page 1

had. Not that the Big Three turned in a shabby performance. Chrysler had the most profitable year in its 69-year history, and sold more vehicles than it ever had. Ford sold the most trucks in its history, as did General Motors' important Chevrolet division.

Ford finished the year with five of the eight best-selling vehicles in the United States. And Chrysler, once the industry's basket case, is widely believed to have become the world's most profitable automaker.

Overall, sales of cars and light trucks grew to 15.1 million, up 8.4 percent from less than 14 million in 1993.

"It was a good year, no question about it," said John F. Smith Jr., president and chief

executive of GM, the world's largest automaker. Like his competitors, foreign and domestic, he predicted continued growth in 1995, barring a sharp increase in interest rates.

The domestic automakers, he noted, could not produce enough of certain cars and trucks to keep up with demand, probably sacrificing some sales to the Japanese.

"The market was stronger than we had anticipated," Mr. Smith said.

In addition, the Big Three argue that Japanese prices do not reflect the full impact of the strong yen, suggesting that the automakers are taking losses on many American sales.

"The strengthening of the yen has not been passed on to the U.S. market," said Alexan-

der Trotman, chairman and chief executive of Ford.

Further, the Japanese performance was not uniform. Toyota Motor Corp., for example, lost some share in 1994, about a fifth of a percentage point, to 7.2 percent. But its sales still grew, with the Toyota division selling more than a million cars and trucks for the first time since 1986.

"Last year was proof-positive that a setback can become a springboard," said Dave Illingworth, senior vice president and general manager of the Toyota division in the United States.

To offset the strength of the yen, Toyota is increasing its North American production. Mr. Illingworth said that Toyota intended to raise it from 500,000 in 1994 to 790,000 units in 1996 and 900,000 in 1998.

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RELIGIOUS SERVICES

AMSTERDAM
CROSSROADS INTERNATIONAL CHURCH
International and Evangelical Sunday
Services 10:00 a.m. and 11:30 a.m./Kids
Welcome. De Oudestraat 3, S. Amsterdam
Info: 020-4015316 or 020-4015382.

KIEV
INTERNATIONAL CHRISTIAN ASSEMBLY
(ICCA), An English-language, interdenominational Fellowship, Sunday Service
10:30 a.m., Kiev Council of Trade Unions
Building, 16 Khmelnytskyi Street, Pastor E.
don Brown (704) 244-3376 or 3502.

PARIS and SUBURBS
EMMANUEL BAPTIST CHURCH, 66 rue
des Bains-Palme, Rue-Malmouille, An
Evangelical church for the English speaking
community located in the western
suburbs. S.S. 9:45, Worship: 10:45. Children's
Church and Nursery, Youth ministries
Dr. E.C. Thomas, pastor. Call 47 51 29 83 or
47 49 15 59 for information.

HOPE INTERNATIONAL CHURCH (Evangelical)
Sundays 9:30 a.m. Hope, Orly, France 1:
Esplanade de la Defense, Tel.: 47 73 53 54 or 47 75 14 27.

THE SCOTS KIRK (Presbyterian) 17 rue
Bayard 75008 Metro: Roosevelt. Sunday
Services and Sunday School 10:30 a.m. All
Welcome. Tel.: 46 76 47 94.

SAINT JOSEPH'S CHURCH (Roman Catholic, Messine) 9:45 a.m. 11:30 a.m.
12:15 p.m., and 6:30 p.m. Saturday:
11:00 a.m. and 6:30 p.m. Monday-Friday:
8:30 a.m., 9:30 a.m., 11:15 a.m., 1:15 p.m.,
4:27 p.m. Metro: Charles de Gaulle - Etoile.

MUNICH
INTERNATIONAL COMMUNITY CHURCH, English
Catholic, Messine 9:45 a.m. 11:30 a.m.
12:15 p.m., and 6:30 p.m. Saturday:
11:00 a.m. and 6:30 p.m. Monday-Friday:
8:30 a.m., 9:30 a.m., 11:15 a.m., 1:15 p.m.,
4:27 p.m. Metro: Charles de Gaulle - Etoile.

SAINT PAUL INTERNATIONAL LUTHERAN CHURCH, near
Lidostrasse Stn. Tel.: 3261-3740. Worship Services: 9:30 a.m. Sundays.

USA
If you would like a free Bible course by mail,
please contact: U.S. Bible Society, P.O.
Box 512, Staunton, Indiana 47781 U.S.A.

UNITARIAN UNIVERSALISTS
BARCELONA: (93) 722-0158.
BRUSSELS: Tel.: (32) 2-260 0228.
or (32) 2-762-4253 meets 3rd Sun. of month.
GENEVA: (41) 31-252 3721 or
(41) 31-252 0051.

WIESBADEN
KAISERSLAUTERN: (49) 6305-6535
MUNICH: (49) 821-47-24 86 or (49) 89-26-
2226 meets 4th Sunday each mo. at 2 p.m.,
Pastor Church, Frauenstrasse 3, Munich.
NURNBERG: (49) 911-445-7307 or
(31) 175-7-6348.

NETHERLANDS: (31) 71-14-09 58.
PARIS: (33) 1-42 77 96 77.
UNG: (41) 81-891-0719.
WIESBADEN: (49) 611 71 94 61.

THE EPISCOPAL CHURCHES OF EUROPE (Anglican)

PARIS and SUBURBS
THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sun. 9 a.m. 11 a.m. 10:45 a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evensong, 23, avenue George V, Paris 75008. Tel.: 331 47 20 17. Metro: George V or Alma Marceau.

FLORENCE
ST. JAMES CHURCH, Sun. 9 a.m. 11 a.m. 11:15 a.m. 11:30 a.m. Sunday School for children and Nursery care. 50123, Florence, Italy. Tel.: 3955 22 44 77.

FRANKFURT
CHURCH OF CHRIST THE KING (Episcopal/Anglican) Sun. Holy Communion 9 a.m. 11 a.m. Sunday School and Nursery 10:45 a.m. Sebastian Platz 22, 60323 Frankfurt, Germany. Tel.: 41 22 32 92. Metro: Miquel-Alba. Tel.: 49 69 55 01 84.

GENEVA
EMMANUEL CHURCH, 1st, 3rd & 5th Sun. 10 a.m. Evensong 8:45 a.m. 4th Sun. Morning Prayer, 3 rue de Montreux, 1201 Geneva, Switzerland. Tel.: 41 22 732 80 76.

MUNICH
THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Seyboldstrasse 4, 81545 Munich (Hartshagen), Germany. Tel.: 49 89 94 81 85.

ROME
ST. PAUL'S WITHIN THE WALLS, Sun. 8:30 a.m. Holy Eucharist 11:30 a.m. Choral Eucharist 11:30 a.m. Church School for children & Nursery care provided. 1 p.m. Spanish Eucharist. Via Napoli 58, 00184 Rome. Tel.: 396 488 3339 or 396 474 3569.

BRUSSELS/WATERLOO
ALL SAINTS CHURCH, 1st Sun. 9 a.m. 11:15 a.m. Holy Eucharist with Children's Chapel at 11:15. All other Sundays: 11:15 a.m. Holy Eucharist and Sunday School, 583 Chaussée de Louvain, Orléans, Belgium. Tel.: 32 2 364-3555.

WIESBADEN
THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Eucharist, Frankfurtstrasse 3, Wiesbaden, Germany. Tel.: 49 611 30 68 74.

EUROPEAN BAPTIST CONVENTION
BARCELONA
I.B.C. meets at 9:30 a.m., Bona Nova Baptist Church, Carrer de la Ciutat de Bellisquer 40, Pastor Lluís Borden, Ph. 438-5058.

BERLIN
I.B.C. BERLIN, Rottenburg Str. 13, (Steglitz). Bible study 10:45, worship at 12:00 each Sunday. Charles A. Warford, Pastor. Tel.: 030-774-4670.

BONN/KÖLN
I.B.C. OF BONN/KÖLN, Rheinufer Strasse 9, Köln. Worship: 1:00 p.m. Calvin Hoque, Pastor. Tel.: (02239) 47021.

BRATISLAVA
I.B.C. (English language, evangelical) Zlatko 2, 1230 Sunday - Ben Hanna. Tel.: 715357.

BREMEN
I.B.C. (English language) meets at Evangelical-Freikirchliche Gottesdienste, Heroldstrasse Hermann-Böse-Str. (around the corner from the Bahnhof) Sunday worship 17:00 Ernest D. Walker, pastor. Tel.: 04791-12577.

BUCHAREST
I.B.C., Strada Pope Rusu 22, 300 p.m. Contact Pastor Mircea Kemper, Tel. 312 3850.

BUDAPEST
I.B.C. meets in Morics Zsigmond Gimnazium, Torokozs ut 49-51, Sundays, 10:00 Fellowship, 10:30 Worship, Take Bus 11 from Bolyhany ter. Other meetings, call Pastor Bob Zindlen, Tel. 250-9332.

BULGARIA
I.B.C., World Trade Center, 36, Drahov Tzarov Blvd. Worship 11:00. James Duke, Pastor. Tel.: 704397.

CELLE/HANNOVER
I.B.C., Windmill Strasse 45, Celle 3300. Worship, 1400 Bible Study, Pastor West Campbell, Ph. (05141) 48416.

FRANKFURT
INTERNATIONAL CHRISTIAN FELLOWSHIP Evangelical-Freikirchliche Gemeinde, Sodenstrasse 11-16, 65205 Bad Homburg, phone/Fax: 06174-22728 serving the Frankfurt and Taunus areas, Germany. Sunday worship 09:45, nursery + Sunday school 10:00, women's bible studies, Housegroups + Sunday + Wednesday 19:30. Pastor M. Levey, member European Baptist Convention. "Declare His glory amongst the nations."

BETHEL I.B.C. Am Dachsberg 92, Frankfurt a.M. Sunday worship 11:00 a.m. and 6:00 p.m., Dr. Thomas W. Hill, pastor. Tel.: 069-549555.

HOLLAND
TRINITY BAPTIST S.S. 9:30, Worship 10:30, nursery, warm fellowship. Meets at Bloemendaal 54 in Wassenaar. Tel.: 01751-78024.

MOSCOW
I.B.C. Meeting 11:00, Kiev Center Building 15 Druzhinnykh/Moskovskaya U. 5th Floor, Hall 6, Metro Station Druzhinnykh/Pastor Brad Steady Ph. (039) 150 3293.

MUNICH
I.B.C. OF MUNICH, Holzer 9 English Language Services, Bible study 16:00, Worship Service 17:00. Pastor's phone: 6905034.

PRAAGUE
INTERNATIONAL BAPTIST FELLOWSHIP meets at the Czech Baptist Church Vinohradská 11, Prague 6. At Metro stop Jinonky. Pastors: Sunday, 11:00 a.m. Pastor: John Ford (02) 311 7974.

WATERLOO
WATERLOO BAPTIST FELLOWSHIP, Church 1400 W. Swedish Church, Chaussee de School 2 across from McDonalds. Tel.: 055 225076.

WUPPERTAL
I.B.C. English, German, Russian, Worship 10:30 a.m. S.S. 9:30 a.m., Wuppertal - Elberfeld, All denominations welcome. Hans-Otto Freund, pastor. Tel.: 02024-666384.



One of Nureyev's well worn ballet slippers.

Hoard of Slippers In a Nureyev Sale

By Rita Reif
New York Times Staff Writer

NEW YORK — Rudolf Nureyev, who died of AIDS in Paris two years ago at 54, so valued his old dance slippers that he never gave any away, wore them until they collapsed and always traveled with a sack of his scruffiest pairs, just in case.

When the much-publicized collection of the Russian dancer's artworks, costumes and memorabilia is finally auctioned, after a year's delay, at Christie's here Thursday and Friday, fans for the first time will be able to bid on 47 pairs of his ballet slippers in 17 lots. The estimated prices range from a low of \$40 for one pair of pink slippers to a high of \$300 for four worn pairs stamped with his name.

The fate of many possessions from his Paris apartment remains unresolved while one of his sisters and a niece continue to challenge his will in court.

Christie's auction of 500 items will begin Thursday with the dispersal of the costumes, ballet slippers and memorabilia from Nureyev's London flat. On Friday, artworks and furnishings from his Manhattan apartment will be sold. The auction is expected to bring in about \$4.5 million, the proceeds to be divided between the two Rudolf Nureyev foundations, one in Chicago, the other in Liechtenstein.

The estimates for the dancer's costumes range from \$100, for a black ribbed-silk tunic worn in a 1963 production of "Swan Lake," to as much as \$7,000, for another outfit for the same ballet: a gold cloth tunic, awash with fake rubies and pearls. He wore that in 1978 on the "Muppet Show," dancing with Miss Piggy in something called "Swine Lake."

Furnishings from Nureyev's Manhattan apartment include a first-century Roman white marble torso, an elaborately carved Elizabethan four-poster bed, an 18th-century double harpsichord, an eight-foot-tall 19th-century Venetian glass chandelier, and a set of 12 Thonet chairs with leather seats and tapered legs, designed in 1906 by Josef Urban of Vienna.

AMONG the 19th-century decorations are the Chinese hand-painted wallpaper panels from the dining room, a copper bathtub from Paris and 47 colorful kilim carpets.

But it is Nureyev's shoes and costumes that his fans are likely to seek. "He cherished his old shoes and sent them back to the factory as often as six times to have them remade," Nicholas Terlizzi, chairman of Capozio, said. The only pair of slippers in Capozio's collection that are autographed by Nureyev are new ones he never had on his feet.

Not all the costumes on view at Christie's will be auctioned. In December, after the catalogue had gone to press, the Nureyev Foundation in Europe agreed to send 11 costumes back to London, to be added to the Royal Ballet's holdings.

Seeking the Striking Image Small Names Get Big Prices in the Right Conditions

International Herald Tribune
LONDON — All the signs are that the art market is at the beginning of an unprecedented boom, but in contrast to the extravagance of the late 1980s, it is not characterized by wild, indiscriminate buying. Some guiding principles can definitely be detected.

The most obvious is that any work of art considered to have "glamour" or "importance" by virtue of the artist's name or the

SOUREN MELIKIAN

provenance triggers a feverish bidding contest.

In Modern and Old Masters alike, there is a rush on the part of celebrities whose work is available, regardless of style, but subject to one condition — the image must be striking. Take the oeuvre of Picasso in the last few weeks. It no longer seemed to matter whether it is figural, Cubist or in one of his highly idiosyncratic Expressionist manners.

When the 1952 portrait of Hélène Parmelin turned up in a Paris sale conducted by Jean-Claude Binoche on Nov. 27 at the Espace Cardin, its success seemed far from assured. Heavy angular lines emphasize contours filled with contrasted colors. The face, intended to be tragic, has a frozen look. It would have been hard to sell a decade ago because it is late, and it does not fit into the artist's most admired phases. But it is an arresting image and that sent it flying to almost 20.6 million francs (\$3.85 million).

Two days later, another portrait by Picasso turned up at Sotheby's in London. Dated May 1901, it could not have been more different. The woman, probably a cabaret performer, stands sideways on a stage. Behind, low down, a row of onlookers can be seen. There is a searing touch to it, with reminiscences of Toulouse-Lautrec. Done in watercolor and gouache on paper, this is not the kind of Picasso that one would expect to go through the roof. It shot to a staggering \$1.8 million (\$2.8 million), exceeding the estimate by a third.

The same evening, a Picasso portrait of a woman, barely identifiable as such in its late Cubist stylization, was also up for sale at Sotheby's. It made a whopping \$452,000, proportionately in line with the Paris portrait.

BY contrast, an early Cubist suburban view done by Picasso in August 1908, nearly failed to make the grade. Important to the history of Cubism, it looks confused at first glance, difficult to make out for a viewer unfamiliar with early Cubism. It sold, just, for \$254,500.

How crucial the instantly perceived image is, was shown the day before at Christie's by the work of a very different artist. Gustav Klimt's garden view is a late by-product of Impressionism, lacking the tense linear structure of the artist's most admired phase. Yet it slowly made it to \$3.7 million, a phenomenal price for a picture that looks a bit like a piece of decorative wallpaper.

The search for a name appended to an easy image has a different impact on the Old Masters market. The pictures carrying the very greatest names have long been out of the market. Now it is the second division that is hotly disputed. Lesser names are upgraded.

When a landscape of the mid-1660s by Meindert Hobbema turned up at Sotheby's on Dec. 7, it caused the kind of stir



This 1901 portrait by Picasso fetched £1.8 million.

that a major Salomon van Ruysdael might have generated earlier. The Mauritshuis in The Hague, which had no important Hobbema, campaigned for the necessary funds and pushed it to a world record \$3.7 million. No such fuss was made in 1966 when a dealer bought it at Christie's for \$125,000, or in 1970 when it went for \$120,000.

Similar upgrading propelled a Brazilian view of the late 1640s, by Frans Post to \$1.2 million, another world record, courtesy of Hans Heinrich Thyssen-Bornemisza. Around 1977, when the Post was for sale in the trade, there was no museum-style competition for it — it was purchased by the British Rail Pension Fund.

The most telling sign of the new boom is that the feverish search for names attached to distinctive images now goes all the way down. Signatures that mean little if anything to the general public are respectfully looked at, particularly if touched, however faintly, by the aura of the superstars.

The little known Jan Verkolje (1650-1693), produced four or five truly good paintings in his life. One of these is the interior scene on the theme of Harmony that came up at Sotheby's. There is a faint Vermeer-like suggestion about it. It climbed to \$716,500, a world record for Verkolje.

Thomas de Keyser, born 10 years earlier than Rembrandt, was one of the two leading portrait-painters in Amsterdam until the great man's fame spread. On Dec. 7, a portrait of a young woman as Flora by de Keyser rose to \$98,300, helped by a Rembrandt-like atmosphere and palette. Significantly, the underbidder was Johnny Van Haeften of London, one of Europe's leading dealers in Dutch painting.

ings. Professionals, vividly aware of the drying up of supplies, are exploring every avenue.

But the selection process in the upgrading game is not child's play. In that same sale, a ravishing Balthus van der Ast still life sold for \$298,500, more than doubling the high estimate. It was followed a little later by another, which, although pleasing, was unsold at \$55,000, far below the low estimate. The first had that crowded and slightly mysterious atmosphere that characterizes the artist's better still lifes. The second was not very typical. It lacked the right van der Ast image.

THE ultimate triumph of the distinctive image in Old Masters could be observed in the sale of works from Houghton, the seat of the Cholmondeley family. On Dec. 8 at Christie's, it included a very large scene of a man reading out, apparently to family and friends in the salon of some

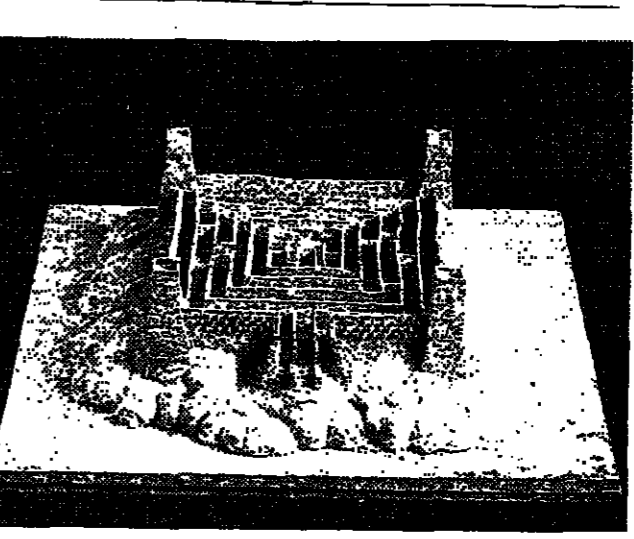
grand hôtel particulier. Painted by Jean-François de Troy, probably in the 1730s, its precise subject is not known, even if it is now referred to as "La lecture de Molière," a fancy title coined in England. De Troy was no genius, but this bland scene is the quintessential image of the Pompadour age. It soared to \$3.99 million, adding to the list of record prices.

The corollary of the new trend is that the lack of a well-defined image can be fatal, even for an excellent picture. No one picked up the tab that evening for a portrait of a Genoese merchant by Joos van Cleve. It is very good. But it presents condition problems — it was transferred from panel to hardboard and has two inscriptions added at a later date. Above all, it suffers from being small and lacking that instantly recognizable image now sought after. Names other than the artist's could be associated with such a portrait.

That the image takes precedence over the intrinsic quality was proven to the hilt the same evening as the decorative objects from Houghton were dispersed. What mattered most that night was the general appearance and the provenance — Houghton, the Cholmondeleys, the Rothschilds.

A T times, the objects seemed to be looked at as if memorabilia in a pop star sale. When the auctioneer, Lord Hindlip, read out a saleroom notice as a de facto correction to the catalogue entry for "a pair of Louis XV gilt bronze swans," describing severe alterations, it sounded like an indictment and made one wonder whether the swans had anything to do with the 18th century. With a \$120,000-\$180,000 estimate, the pair seemed doomed. Instead, they went to \$408,500.

Later, a pair of gold mounted jasper vessels looked like anticipations of Victorian kitsch, with their designs based on a Renaissance engraving of 1531, even though the period stated in the entry is the mid-18th century. They climbed to \$1.27 million, almost four times the high estimate. Christie's superb marketing had turned the auction into a sale of glitzy dreams. And in the new golden age, golden images can be hard to distinguish from golden mirages.



"Labyrinth," 1972, by Charles Simonds.

The Small World Of Charles Simonds

By Michael Gibson
International Herald Tribune

PARIS — Charles Simonds was 25 years old when he made his first fragile "dwellings" in the streets of New York City in 1970. Built out of diminutive clay bricks, they nestled in a gap in a crumbling wall, like a New Mexico pueblo beneath a lowering cliff. By now, Simonds, has done this sort of thing time and again in the streets of countless countries including China, France, Israel, Italy and Germany.

Forty of Simonds' works — sculptures, installations, photos and film — are on view at the Musée du Jeu de Paume, to Feb. 8. People's attitudes toward his miniature dwellings vary from one country to the next. But the sight of a grown man building miniature villages in a street or vacant lot always draws a small crowd.

Simonds was quite young when he discovered that he had a gift for sculpture. At the age of 6, his parents, both psychoanalysts, took him to New Mexico, where the Indian architecture made a powerful impression on him.

He has always worked with clay, and his villages, environments or ruins, are mostly made of gray bricks on a warm, reddish soil. The pieces on view at the Jeu de Paume are very like his work in the streets, the main difference being that they can be moved without being destroyed. They include works that form entire landscapes, several meters square, and those that represent clusters of buildings, ruins, ritual constructions and bizarre geological formations.

More recent work has given preponderance to grotesque heads. Many of these pieces, Simonds acknowledges, reflect a working out of psychological situations: One sculpture, of two grotesque heads joined by a long sinuous neck, represent the artist and his father, who died recently.

NEW YORK art critics of the '70s made heroic and desperate efforts to fit round-peg Simonds into the square hole of their formalist theories. Since Simonds was working this way at a time when other artists were working on a much larger scale out in the desert, Simonds, in their view, had to be part of the land art movement.

But Simonds' work had a much broader appeal to people who had absolutely no thought for art. Part of the appeal had to do with the unconscious seduction of clay. But part is related to the spontaneous involvement in play that is natural in childhood and that the charm of Simonds' little constructions also brings out in adults. The fact that he built his works on breaks and clefts in city walls seems to imply that the imaginary powers can also make their way through breaches in the standardized everyday etiquette of public behavior.

The traits of his works — clay, diminutive scale, bricks and house — fuse into powerful psychological and spiritual symbols.

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BOOKS

THE NIGHT 2,000 MEN
CAME TO DINNER:
And Other Appetizing Anecdotes
By Douglas G. Meldrum. 214
pages. \$16.95. Scribner's.
Reviewed by
Jonathan Yardley

INTO this slender volume Douglas Meldrum has crammed a remarkable amount of information, much of it adorned by anecdote, about food and the people — most of them famous and/or notorious — who eat it. Some of this information is surprising, some useful, some amusing, and all of it interesting.

No great themes or narrative structure characterize "The Night 2,000 Men Came to Dinner"; Meldrum doesn't even bother to write an introduction, but instead leaps right in to present the results of his research. Here are a few:

• In 1865, a young Austrian, Charles Fleischmann, came to America to attend his sister's

wedding and was astonished by the poor flavor of American bread. Back in Austria, he collected samples of yeast used to bake Viennese bread and, returning to America, formed a company to produce the first standardized yeast in the United States, a product that revolutionized baking in America.

• "The English — and their monarchs — are known for their love of beef. Legend says that a king of England so enjoyed a piece of beef that he unheated his sword and gave it the honorary knighthood of 'Sir Loin.'"

• "George IV had a chef named Brand who concocted a steak sauce that delighted the king. He sent for the chef and exclaimed, 'This sauce is A-1!' Later, Brand retired from the royal kitchen, manufactured the sauce, and successfully sold it commercially under the name 'A-1 Sauce.'"

Tidbits such as these likely will be new to most readers, save those steeped in the lore of food. Others are more familiar but probably have been forgotten by most of us: that vichyssoise is not a French invention but an American; that the potato chip was invented by a chef at Saratoga Springs, New York, in response to a complaint by Cornelius Vanderbilt; that the Baby Ruth candy bar was named not for the baseball star but for a daughter of Grover Cleveland "who was remembered as the nation's pet."

Meldrum has done his research with self-evident care, though many readers may find favorite tidbits missing. But any omissions are more than compensated for by the inclusion of this contemporary account of Henry VIII at table:

"The king ate enormously, stuffing the meat into his little mouth with a knife. As he munched, the meat and vegetables popping from cheek to cheek, his eyes shone with happiness. He jabbed his knife, greasy as it was, into the saltcellar, blew his nose on his napkin, spat into the washing bowl — he was the king. The meat was soaked with sauces of parsley, garlic, quince, pear, wine; there were great pastries, glittering

with sugar, or hiding haunches of venison cooked to rags and powdered with ginger; there was veal boiled with sage and smeared with cinnamon, eggs and saffron, stiffened with cream, all buried under pastry dotted with dates. Then came dessert of perfumed fruits and candied flowers — violets, roses, primroses and hawthorn. Men fell on one knee to offer more things for that little mouth to bolt. Anything was thrown into it. He grabbed from dish to dish and when the food was on his way and he was forced to pause, he would seize a handful of raisins or almonds and fling them into his mouth."

Bon appetit!

Jonathan Yardley is on the staff of The Washington Post.

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Ominous Lull in Bosnia

The Jimmy Carter cease-fire is now being tested in Bosnia. It resulted from an initiative by the former president, and under it violence has for now diminished. But at what cost? This is the question raised by the Clinton administration's continuing readiness to allow Mr. Carter to fill part of the policy vacuum created by its own hesitations.

The new cease-fire is a predator's dream. It leaves the Bosnian Serbs in militarily and diplomatically unchallenged possession of the territory they seized and scrubbed "ethnically clean." It leaves the Bosnian Croats in possession of Bosnia's Krajina in possession of Bosnia's Bihać enclave. For condoning the new cease-fire, Serbs proper, inspiration of Serb depredations elsewhere, stands to profit from a further loosening of the international embargo.

Jimmy Carter went for the quick fix: a cease-fire without political strings. The parties embraced the cease-fire for a winter they could use preparing for spring battle. The lack of agreement on a political agenda and the discounting of the one extant peace plan — that of the "contact group" of the United States

and four others — ensures that there will be much to fight about. The president's security adviser, Anthony Lake, says as much: "The Serbs have not yet won the war. I shouldn't even say 'yet' ... In central Bosnia, for example, the position of the government forces is as good or as better than it ever has been. It's much too early to write off Bosnia."

Senate Majority Leader Robert Dole could not agree more. He, too, is jumping into the American policy vacuum, proposing, with favorable prospects, to legislate an early unilateral lifting of the Bosnia arms embargo. Just the effort to get such a law passed is bound to encourage the Muslims to fight on.

If that is their choice, fine; as the most injured party, they have a right. All the same, lifting the embargo on Senator Dole's terms will cut deep into American standing in NATO and the United Nations — unless his proposal somehow electrifies a diplomatic process otherwise given to sloth.

The focus now must be on not only the struggle among the Bosnian contenders but also the larger war that threatens between Serbia and Croatia over the Krajina Serbs' claim to a third of Croatia. Otherwise, a cease-fire becomes hardly more than a lull before a terrible storm.

— THE WASHINGTON POST.

Rich Here, Poor There

Americans may feel battered by tough economic times, but by world standards they are doing just fine. The 400,000 residents of Luxembourg, says a survey by the World Bank, were the richest people on earth in 1993: output per person, a rough proxy for income, averaged \$29,510. Residents of the United States ranked second, averaging almost \$25,000 each. These figures take explicit account of price differences: a dollar of income in Luxembourg was calculated to buy approximately the same amount of goods and services as a dollar spent in the United States.

Nations ranked in the top 10 produced at least \$20,400 per person. They included industrialized countries (Canada and Japan), oil producers (Qatar and the United Arab Emirates), and Asian tigers (Hong Kong and Singapore).

Western Europe accounted for ranks 11 through 20, except for rank 16, which went to Australia.

Mexico, a middle-income country, produced \$7,000 per person. Russia produced only \$5,000 per person — about the same as Tunisia and Fiji. China produced even less, about \$2,000 per person, still almost twice as much as Bangladesh and India.

The bottom of the list is grim: Mozambique and Ethiopia produced \$380 per person. Living standards this low are appalling, especially since huge populations live on much less than the average. The bleak numbers should give pause to the new leadership in Congress that seems intent on cutting off the small amount of aid that the United States spends in Africa because it wastes taxpayer money.

— THE NEW YORK TIMES.

Open Season on AID

The Agency for International Development, America's foreign aid agency, is in a fight for its life against opponents flanked out at both ends of Washington.

Key Republicans, led by Mitch McConnell, chairman of the Foreign Operations Subcommittee of the Senate Appropriations Committee, and former Bush administration Secretary of State James Baker believe that AID has outlived its usefulness. They would abolish the Cold War creation and turn its operations over to the secretary of state.

If that weren't enough of a challenge, AID is also locking horns within the Clinton administration. That is because the second front against the aid agency has its headquarters in the State Department itself, no less.

The State Department's reach for AID is nothing new. Since AID's inception, successive administrators have had to fend off attempts by the department to take over management of the foreign aid program. The raids have failed each time as successive presidents and members of Congress in both parties have decided that foreign aid under the control of the State Department would likely be treated exclusively as a tactical weapon of American diplomacy with not much regard for the needs of international development or U.S. economic interests.

It is true that the idea of combining the two, with the State Department in charge, is not without a superficial attrac-

tion. The two government agencies operate in the same arena. And the White House and the department have traditionally set the broad foreign policy parameters within which AID operates. But AID has always managed to keep its mandate at the end of the day because the business of responding to disasters, promoting economic and political reforms and administering population, food-production and environment programs is not the strong suit of the Foreign Service.

That there are some on Capitol Hill who would still take aim at AID comes as no surprise. Despite a generally positive record, foreign aid is an attractive political target. That the State Department, however, would also advance on AID when the program is already under siege by Republicans suggests an administration out of harmony with itself.

To reduce the visibility and potency of America's development assistance agency sends exactly the wrong message to those parts of the world where it can be most useful in encouraging and strengthening democracy. This is not a fight to save or protect the interests of a foreign aid bureaucracy. The struggle is over the fate of President Bill Clinton's overseas development assistance program. How well he fares with the Republicans, only time will tell, but Mr. Clinton should be able to hold his own against the State Department.

— THE WASHINGTON POST.

Other Comment

A Ripple Seizes Australia

The announcement by the minister for immigration, Nick Bolakus, that the government will legislate retroactively to toughen laws on handling boat people has all the hallmarks of panic.

There is no reason yet to be alarmed about a "flood" of boat people to Australia. A ripple is occurring at present. Since early November, almost 700 boat people have landed — mainly from southern China. But our isolation by sea means we have never had to confront refugee problems on the large scale that many other countries — not just Western countries — have had to do. Nor, despite wild claims about the potential

number of boat people ready to sail for these shores, are we likely to do so.

The problems posed by the present arrivals can be resolved only through diplomatic representations with the Chinese government.

Already there is evidence that the Chinese government has taken action to stem the flow through fines, jailing and confiscation of boats.

Obviously more needs to be done to convince others that they will not be accepted automatically and that Australia is not a land of milk and honey. Heavy-handed treatment of those who have arrived, particularly the use of retrospective legislation, is not the answer.

— THE SYDNEY MORNING HERALD.

The Marketplace Can't Produce a Good Society Alone

By William Pfaff

PARIS — There is gathering resistance to that economic orthodoxy which says the marketplace can and should set priorities in social policy, and which believes that maximizing global trade is the way to produce the greatest prosperity for all.

The religion of markets has given us the school of management which declares return on investment the primary criterion of corporate value and consid-

People should not be harmed for the sake of some speculative advantage to society in the future. The latter is what totalitarian utopians do.

ers work-force layoffs and transfers of corporate production to low-wage countries evidence of corporate health. It is a school increasingly contested in both the United States and Western Europe.

The high levels of unemployment experienced in Western Europe and the United States since the 1970s, levels held by this school of thought to be the regrettable but essential result of increased national industrial competitiveness, actually have meant the transformation of 10 to 20 percent (or more) of the work force from active and remunerated participation in the national economy — as contributors of wealth, consumers and taxpayers — into state dependents, at best. At worst, they are sim-

ply excised from the national accounts.

Is this a proper deployment of the resources of a nation? The transfer of so many people from work, income, consumption and tax payment to government dependence or indigence, nonconsumption and noncontribution to the community is clearly a loss to nation and economy, whatever it does for corporate performance as measured by profit return or international market share.

Obviously, corporate competitiveness is a good thing, but a society measures itself by many criteria, and economic performance is only one of them. The orthodoxy of international labor division, with its faith in the "rising tide" of wealth creation through trade (allegedly lifting every nation's economic boat), too often ignores the real-world obstacles, constraints, manipulations and time lags that prevent the international marketplace from functioning in the imperially benevolent way the theory promises.

History gives evidence for this argument. The conventional wisdom says free trade has given the leading countries their present prosperity while protectionism was responsible for the Great Depression and the international crisis of the 1930s. Actually, the economic "miracles" that took place in Japan in the 1950s and 1960s, and elsewhere in Asia in the 1970s and 1980s, all occurred under regimes of formal or informal protectionism — the same is true of the great surge of the American economy in the 19th century.

The same is true of the great surge of the American economy in the 19th century.

And imperial Britain dominated the world economy when it preached free trade but practiced imperial preference. The great European depression between 1870 and 1890 coincided with an unprecedented lifting of tariff barriers, and GNP per capita in Western Europe ceased to fall only when tariff policies hardened in the 1890s.

Protectionism in the 1930s was the result of the world economic crisis, not its cause. Average international tariffs on manufactured goods were stable between 1913 and the crash in 1929.

As James Fallows has pointed out, the current orthodoxy, dominated by American and British economists committed to the theory of maximizing trade, prefers to ignore the reasons for the postwar success of the Continental European economies and Japan. They gave (and give) primacy to production, not consumption.

They acted in the intellectual tradition of the 19th century German economist Friedrich List (and, as Mr. Fallows notes, of Alexander Hamilton as well). List said that "society's well-being and its overall wealth are determined not by what a society can buy but what it can make." Note Germany's and Japan's continuing determination today to remain manufacturing societies.

The belief that market forces must be allowed to determine social priorities contradicts the arguments even of the fathers of market thought. Adam Smith considered that the state even has a duty to set economic priorities. He considered it obliged to "superintend ... the industry of private peoples ... directing it

toward the employments most suitable to the interest of society."

The state has a duty, he wrote, to erect and maintain "certain public works and certain public institutions" which, although they may be unprofitable to private entrepreneurs, "may frequently do much more than repay [their cost] to a great society."

Friedrich von Hayek, author of "The Road to Serfdom" and implacable enemy of socialism, wrote that "the case for the state's helping to organize a comprehensive system of social insurance is very strong." It has been demonstrated that the market is the most efficient mechanism for determining economic advancement, but society, as Hayek indicated, is more than an economic machine.

It would seem to me that a very important principle is too often ignored in some speculative advantage to society in the future. The latter is what totalitarian utopians do. They sacrifice the living for a theory about the future. The harm is real. The promised benefits, for those not yet born, may or may not arrive.

Today's economic orthodoxies include powerful arguments about market primacy and international economic rationalization. But they are only arguments, not proofs. A plausible case can be made against them. The case may be wrong. But it is also wrong to throw people out of work — out of a creative role in society itself — for the sake of a theory.

International Herald Tribune.
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Profit Up and Employment Down, Anger Up and Civility Down

By A. M. Rosenthal

NEW YORK — Special to the new Congress, here is a dispatch from the revolution.

In El Segundo, California, just before Christmas, Mattel Inc., the toy manufacturer, made some announcements. Dividends would increase, stockholders would get a stock split 5 for 4, the company would have record high sales and earnings for the sixth year in a row, the balance sheet was strong and getting even better. Also, the company would eliminate 1,000 jobs, about 4 percent of its work force.

There you have it. Multiplied by hundreds of companies, affecting the lives of American workers and the middle class, diminishing old dreams and creating new fears, this kind of news adds up to the real American revolution of the '90s. It was moving fast through the country long before the election upheaval in November and will be around when the new members of Congress face their term limits.

Good show, say the analysts.

Way to go, No. 1 CEO who intends to remain a CEO has to be told the mantra: Increased production through mergers and the new technologies must lead to increased profit and decreased payrolls in a continuing cycle.

The deal which most workers thought they had — that their jobs would be safer and wages higher if things were good at the factory — is over.

One day, if the nation is lucky, the Republican Congress may realize that its job is not simply to bring about a new revolution but to steer the revolution that was created for America in the new world market.

Felix Rohatyn, senior partner of Lazard Freres, believes that the work force will "cleave," creating an elite of 25 to 30 percent. He says that a huge transfer of wealth has occurred, moving from lower-skilled middle-class

workers to the owners of capital assets and to a new technological aristocracy — with a large element of compensation tied to stock values.

He sees no solution to the technological-economic upheaval that he thinks is the key problem of the country.

Another friend, who has created wealth for himself and jobs for thousands out of a kind of Mozartian business mind, is almost giddy with pleasure. He thinks the technological marketplace, a Republican victory, lower taxes and reduced government will liberate the private sector to produce jobs and joy. The man has been right before.

But not always. And meantime the non-elite, the 70 percent or so, become the foundering, searching, angry, anxious people. They will not be qualified to find decent jobs after they are personally downsized, work that

fulfills their hopes as stakeholders in American society.

The working middle class now take out their resentments on the very poor, very foreign or very Democratic. They will discover that this will help them as much as aspirin helps a corpse. Neither welfare recipients, Mexican immigrants nor the local Democratic assemblyman have much to do with an economic-technological revolution that pushes hardworking people from the campfire.

Many of them could turn against a society that broke its deal and struck a "loss" sticker on their foreheads. They may vote for demagogues who reject the society that has turned away from them.

There is no way to repeal the technological revolution. But there are ways to make sure it does not devour the working middle class by destroying the expectation of job security in good times — not too much to

ask and too much to surrender.

That would need the cooperation of government and business. It would be needed to provide the training that displaced workers need to equip them for decent jobs, something society has failed to do — and to cut a trail for youngsters wandering so far from the campfire that they have never felt its warmth. There might still be an elite, but not a working underclass marked "rejected."

Something important stands in the way — the movement to make ideologies out of politics, to draw an almost theological line between conservative and liberal.

I wrote something hopeful about business not long ago. A reader from Oregon sent me the news from El Segundo to show that you couldn't expect anything from American businessmen. But then he never met Felix Rohatyn or Mozart.

The New York Times.

While They're at It, These Republicans Could Restore the Presidency

By Charles Krauthammer

WASHINGTON — Having lost his domestic agenda to Newt Gingrich and having given his foreign portfolio to Jimmy Carter, Bill Clinton has become the least consequential American president since the 1920s.

In part, presidential decline is a function of history. This is the first

The presidency has been weakened by Congress.

presidency since the '20s denied the political benefits bestowed by war or its moral equivalent. The Depression, World War II and the Cold War having inflated the presidency, its current decline was historically inevitable.

But history isn't everything. Nor is personality, although Mr. Clinton's, weak and wobbly, has not added stature to his presidency. The crucial deflator of the Clinton presidency has been ide-

ology. The country has moved so decisively to the right since the liberal heyday of the mid-'60s that left-of-center presidents simply cannot govern.

Mr. Clinton's experience is exemplary. Not by nature a liberal — he has no ideology — he fatally defined himself in the public eye as liberal with two decisions: starting his presidency with gays in the military, and mortgaging his entire second year to a vast health care plan, self-consciously styled as the New Deal program of the '90s, that the country ended up rejecting like a foreign body.

Thus defined, President Clinton earned a historic repudiation at the polls last November.

Given the country's movement to the right, and assuming that the Republican Congress delivers even partially on its electoral promises, the Republicans are in position to become the governing

party for many years. And governing parties need to take the long view, which means not just policy reform — redoing welfare, for example — but constitutional reordering. Two such projects are on the Republican agenda. A third needs to be.

First is reducing the power of the government. The "Contract with America" promises to do so, principally through the balanced budget amendment. Its purpose is not really economic. It is political: to force massive cuts in the scope and power of the federal government. Take away \$200 billion a year of deficit spending, and all the discretionary excesses of the federal government, from public television to mid-night basketball, disappear.

Second, the Republicans are intent on shifting power from Washington back to the states through the abolition of federal

mandates, funded and unfunded. But shrinking the federal government and moving power back to the states is not enough. Congress's third and perhaps most important project should be returning power to the president.

However imperial the presidency might once have been, it has by now been thoroughly colonized by Congress. Mr. Clinton's ineffectiveness at home and abroad is testimony not just to personal failings and tactical errors but to a grievously weakened office, a weakness aggravated in the last 25 years by Democratic Congresses intent on cutting Republican presidents down to size.

The line-item veto — promised by the Republicans, although some are pushing a weak watered-down version — would restore some of the balance lost when Congress severely limited President Richard Nixon's budgetary rescission authority (the right to spend less than Congress appropriates) in 1974.

The most neglected area of congressional encroachment, however, is foreign policy. A Republican Congress should return the foreign policy prerogatives that Democratic Congresses have taken from the White House.

Congress can begin by repealing the War Powers Act, an ill-conceived Vietnam relic that has produced the worst of both worlds: presidents publicly refusing to recognize it (a well-advised act of disrespect for Congress) while at the same time often allowing

their military actions to be shaped by the act's arbitrary restraints and timetables.

Congress can also get out of the business of earmarking foreign aid and micromanaging the Pentagon, giving the president more freedom to use both to shape a coherent national security policy.

Most important, it should get out of the business of trying to dictate U.S. policy toward such intractable conflicts as Bosnia. On the first day of the new Congress, Bob Dole introduced legislation that would inevitably force the president into a dangerous U.S. intervention in Bosnia. This is not just bad policy — Senator Dole's plan would wreck NATO and enmesh America in a Balkan nightmare — it is bad precedent. Congress is simply not the place from which to initiate and run foreign interventions.

Why should triumphant Republicans cede power to a Democratic president? Because restoring the presidency is a national need that transcends party. Because undertaking a reform that has the effect of boosting Bill Clinton demonstrates a principled concern for constitutional balance. And, for those unmoved by such high-mindedness, there is another reason.

If Republicans really have confidence in their current ascendancy, the White House will be theirs soon enough. Coming Republican administrations will profit greatly from the rearrangement.

Washington Post Writers Group.

The Spooks' Games Can Get Dangerous

By Stephen S. Rosenfeld

WASHINGTON — It was the early 1960s. Strategic anxiety and political tension had inclined Washington and Moscow to play out their rivalry through an intense competition of spies. A fair amount is known about the American end of this competition. Now Vladimir M. Zubok, a Russian historian, has filled in much about the Soviet end. His is an absorbing tale of the past and a useful caution for the future.

Mr. Zubok did not have access to the still secret KGB files. But in the partly open Communist Party Central Committee files he came upon KGB documents of 1960-1962. He publishes the results in the Cold War International History Project Bulletin (Issue 4) of Washington's Woodrow Wilson International Center for Scholars.

He found nothing to substantiate the Soviet defector Anatoli Golitsyn's claim of a "monster plan" to weave a strategic web of deception in preparation for a decisive showdown, perhaps over Berlin. But he did locate "several schemes" designed to conceal Soviet intentions and weak spots and to disrupt Western consensus on live political issues.

CIA Director Allen Dulles had become a Soviet nemesis for his technological breakthrough in U-2 planes and reconnaissance satellites. Hence his counterpart Alexander Shelepin's proposal of June 1960 to "compromise" Mr. Dulles

by sending anonymous letters to his critics, feeding the Senate "Fulbright Committee" with fabrications of CIA embarrassment, and in general depicting him as a dangerous modulator. (In fact, it was the CIA's own Bay of Pigs fiasco that finally led the Kennedy administration to ease Mr. Dulles out.)

The KGB also undertook to foster CIA fears of KGB penetration. A destructive "mole hunt" did subsequently occur but again, Mr. Zubok judges, as a result of authentic Soviet defections rather than by Mr. Shelepin's hand.

As Nikita Khrushchev heated up the Berlin crisis, Mr. Shelepin proposed to create "a situation in various areas of the world which would favor dispersion of attention and forces by the USA and their satellites, and would tie them down during the settlement of the question of a German peace treaty and West Berlin."

No doubt there was an element of self-aggrandizement in his plans. But in Central America and elsewhere the KGB contributed to armed uprisings, in Europe to demonstrations against U.S. bases.

In November 1960, the KGB undertook deceptive steps "directed at producing in the adversary's mind a profound conviction that the Soviet Union firmly intends to use force in response to military provocations of Western powers and has at its disposal all necessary combat means."

In the end, was the spy war not a wash, and anyway did not the West win the Cold War?

Many more Soviet documents must come out, and more American documents, too, to provide an authoritative history. I am especially interested in any connection between Soviet manipulation and Western dissent. Meanwhile, hark to Mr. Zubok: "Possessing the intoxicating capacity to hide or invent information ... Kremlin leaders went too far, to the very brink where the fine line between deterring an attack and preparing for one blurred altogether."

He challenges "the myth" that "the intelligence services of both sides, by increasing 'transparency' about the adversary's intentions and capabilities, thereby contributed to stability and predictability in a dangerous polarized world."

"But the games of deception, disinformation and distraction designed by the KGB masterminds had a deleterious effect on global stability. They certainly contributed to the perception in Washington of expansive Soviet ambitions. In some cases they even exacerbated the danger of armed conflict. And the elaborate plots to sow the seeds of mistrust between the U.S. leadership and intelligence agencies were dictated by anything but a clear comprehension of how dangerous this kind of conspiracy had become in the nuclear age."

Good advice for those redesigning American intelligence now.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Paris Needs Metro

PARIS — [The Herald says in an editorial:] The universal exhibition of Paris will be held in five years. The means of communication, already insufficient for the normal population of the city, will be so for the enormous influx of foreigners who are expected at the great fair of 1900. The only remedy is the construction of a metropolitan railway. The Municipal Council of Paris should understand that it is urgent to endow Paris with the means of locomotion which London, New York and Berlin have so long possessed.

1920: Annulment in Italy

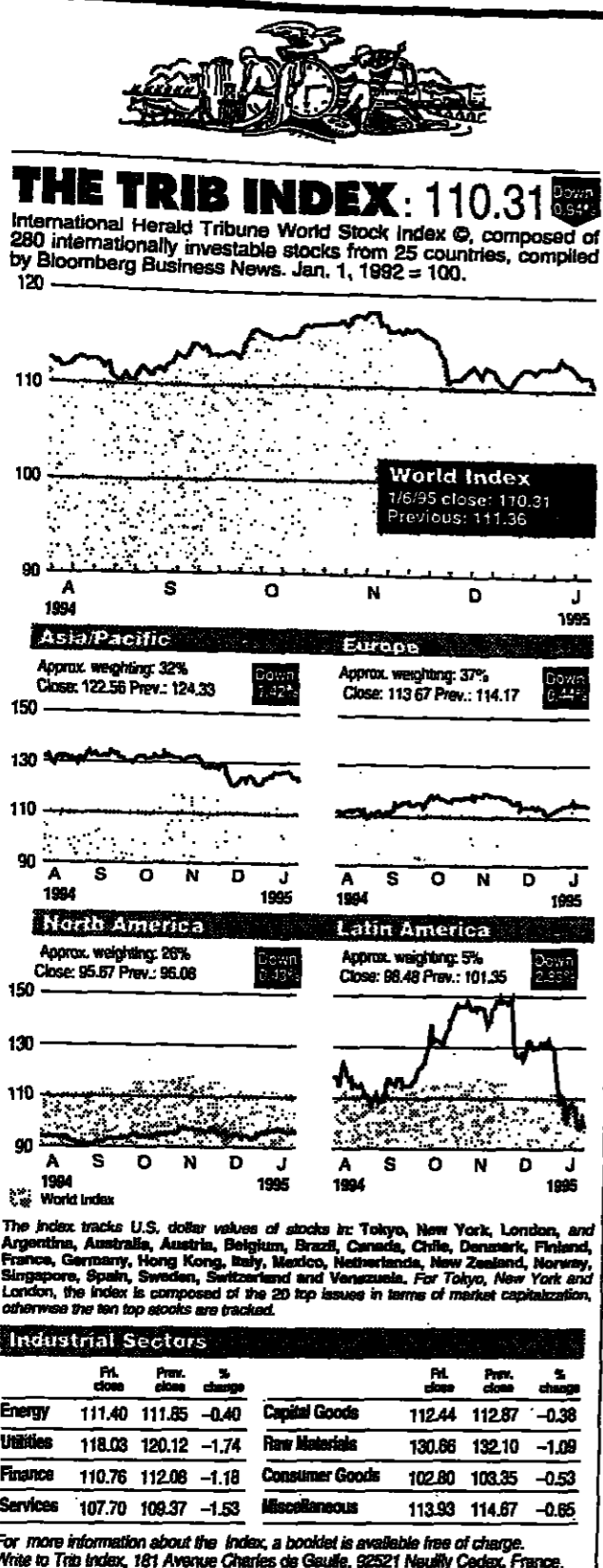
ROME — The annulment of a marriage has been ordered by a tribunal at Milan on the grounds that it was childless. This decision is expected to cause numbers of annulments — for there is no

divorce in Italy — on similar grounds. The action of the tribunal is endorsed by the whole Italian Press, and the Socialists are preparing to submit a motion in the Chamber that marriages shall be compulsorily annulled if there are no children.

1945: Censored Press?

BUENOS AIRES — The Argentine Press and Information Office suspended "El Nacional," the pro-democratic daily newspaper here, for eight days for publishing a story saying that the Buenos Aires Chief of Police would replace the Minister of the Interior. The Farrell government repeatedly insisted that censorship does not exist here. But it appears the publication of something which does not turn out to be true is a crime against the state. No newspapers in Buenos Aires published the suspension of "El Nacional."

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Interactive Showdown in Vegas

By Elizabeth Corcoran
Washington Post Staff Writer

LAS VEGAS—Here in the glittering land of chance, two teams of companies announced ambitions to create interactive services that will let consumers shop, play games and check local traffic via their televisions and telephones.

The teams—AT&T Corp. and Zenith Electronics Corp., along with Thomson Consumer Electronics and Sun Microsystems Inc.—join a pack of companies vowing to change the passive act of watching television into something akin to playing a video game.

The announcements came Thursday on the eve of the annual winter Consumer Electronics Show here.

The two teams each have their own twist to add, however. AT&T's "TV Information Center" proposes to use a special device to connect people's television sets to their telephone outlets. Using a gadget that resembles a channel changer, viewers will be able to point at their television screens, flip through menus of options and see their bank balances or local traffic conditions. The information will be conveyed over standard telephone lines.

According to Carl Ledbetter, president of AT&T Consumer Products, the TV Information Center is just the first peek at the company's "three-screen strategy," which will offer consumers information via screens on their TVs, personal computers and telephones.

Thomson and Sun will rely on a "digital decoder box," originally built by Thomson to receive television signals from direct broadcast satellites. Thomson said that about 500,000 people in the United States bought its decoder box in 1994 and are picking up satellite broadcasts that offer 150 channels.

To exploit the decoder, Thomson and Sun are funding a new company. The company, which is a month old and has

Neither of the teams has products ready, though AT&T says it is close. By the second half of the year, the company hopes to have its first generation of devices in some stores, priced at \$329.

Zenith plans to add the AT&T technology to certain models of its television sets and cable boxes by early 1996. Such TVs will cost about \$100 more than conventional sets, said Al Moschner, president of Zenith.

Consumers who want to tap into AT&T's collection of basic services will pay a monthly fee of less than \$10, Mr. Ledbetter said.

Eventually, consumers will be able to get the AT&T services via their computers as well as telephones with screens, Mr. Ledbetter said.

Personal-computer industry leaders like to argue that PCs are better equipped to deliver richly detailed and extensive products and services than are TVs.

"Any company that looks to the TV on the assumption that that's what the average American consumer can deal with is wrong," said Nicholas Negroponte, who directs the Media Lab at the Massachusetts Institute of Technology.

According to Mr. Broadwin, the Thomson-Sun alliance hopes to conduct trials or put its technology into limited use this year. The technology is unlikely to be cheap. The current Thomson digital decoder sells for close to \$700.

Personal-computer industry leaders say PCs are better than TVs for interactive services.

about 30 employees, hopes to provide all the technology needed for an "end-to-end" interactive network—from the computers used by, say, a cable operator to the boxes in consumers' homes that will fire up the interactive services.

"Some interactive services will be delivered over PC," said Elliot Broadwin, a former Thomson employee who is vice president of marketing and sales for the new company, but his company "will focus on TV."

Bankers Trust Lifts Northwest Stake

Compiled by Our Staff From Dispatches

MINNEAPOLIS—Northwest Airlines Corp. said Friday it had agreed to swap preferred stock held by Bankers Trust New York Corp. for common shares, increasing the bank's stake in the airline to 8 percent from 6 percent.

The airline also said it had paid Delta Air Lines \$1.6 million to acquire Delta's Detroit-London route and would abandon its operations on the Boston-Paris and Boston-Frankfurt routes.

If the move is approved by federal authorities, Northwest could fly the route beginning on March 4, the airline said.

will be the airline's 13th international destination served nonstop from Detroit. Service will initially be offered four times a week and will become daily on April 2.

The share swap with Bankers Trust is subject to approval by Northwest's unions and other shareholders, who received preferred shares when they took Northwest private in a 1989 leveraged buyout.

Northwest, the fourth-largest U.S. airline, said the swap would raise its per-share earnings and add about \$96.6 million to shareholder equity. It also would give Bankers Trust, which cannot sell its preferred

shares until 1997, more liquidity.

Northwest shares closed Friday off 12.5 cents at \$16.375.

As proposed, Bankers Trust would exchange its 1,727 shares of Series B preferred stock for 2.1 million of Class B common shares. That would eliminate the need for Northwest to pay cash dividends on the preferred stock starting in August 1998 and to redeem the preferred stock in the years 2001, 2002 and 2003.

"The amount of money that would be paid on preferred dividends is more than the dilution from putting in additional shares," a spokesman said. As a

result, he said per-share earnings would rise.

Bankers Trust declined to comment on whether it planned to sell any common shares after the conversion. "Certainly, we prefer to be in a position of holding a security that has liquidity so that our options are broadened," said Thomas Parisi, a bank spokesman.

But Bankers Trust has shown no signs so far of cutting back on its relationship with Northwest. It was the lead bank in November when Northwest arranged a new \$350 million loan to cut its 1997 debt payments.

(Bloomberg, Reuters, APX)

U.S. Job Growth Is the Highest In a Decade

By Lawrence Malkin
International Herald Tribune

NEW YORK—Unemployment fell to its lowest level in four years in December, the Labor Department reported Friday, and the U.S. economy created more jobs in 1994 than it had in a decade.

While the government predicted more of the same, economists were divided over whether employment growth would soon level off. But there was agreement that the Federal Reserve Board would raise interest rates again to rein in economic growth in its fight against inflation.

Pushed mainly by 54,000 jobs in manufacturing and 91,000 in retail trade, the economy created 256,000 jobs in December, raising the total for the year to 3.5 million, the highest since 3.9 million in Ronald Reagan's re-election year of 1984.

November job growth was revised upward to 488,000 from 350,000 because the Labor Department had underestimated the number of temporary election workers and holiday jobs.

The unemployment rate fell to 5.4 percent in December from 5.6 percent in November. Some Fed governors have said the rate was well below the level at which labor-market pressures create wage inflation.

Stanley Nabe of Bessemer Trust said that even if only 2 million new jobs were created this year, that would push the unemployment rate down to 5 percent. But many at the Fed think the comfort level is closer to 6 percent.

Market reaction Friday was robust. Treasury bond yields initially rose on the unexpected strong revision in the November job numbers, then fell on the temporary nature of the figures. This also pushed up the stock market and the dollar.

The markets also appeared to

be discounting the results of the Fed meeting set for Jan. 31 and Feb. 1, when the central bank is to set its economic targets for the year. The Fed is now expected to raise the federal funds

See STOCKS, Page 8

IBM Chief Says 'Bulk' of Job Cuts Complete

Bloomberg Business News

ARMONK, New York—International Business Machines Corp.'s two-year drive to reduce its number of employees is almost complete, Louis Gerstner, chairman and chief executive, said Friday.

In an optimistic, hour-long satellite broadcast to employees around the world, Mr. Gerstner also said that IBM might use its \$10 billion cash reserve to pay off debt, raise its dividend, make acquisitions or undertake more internal investment.

He said that the "bulk" of layoffs was over, but he added that management would not hesitate to start another round if necessary, a spokesman said.

IBM shares rose \$1.125 on Friday, to \$75.125.

General Motors Corp. will idle 200 workers at a plant in Hamtramck, Michigan, starting Jan. 17 as it cuts output because of weakening luxury car sales. The plant currently employs 4,500 workers and makes Cadillac DeVille, Seville and Eldorado cars.

ECONOMIC SCENE

New York's Recovery Sputters to Halt

By Thomas J. Lueck
New York Times Staff Writer

NEW YORK—After a long-awaited recovery that began to lift the New York region out of recession in late 1993, economic expansion and job growth have come to a virtual halt since July, and higher interest rates are further undermining the region's prospects, according to economists, executives and government officials.

Although the New York region, including New Jersey and Connecticut, shows few signs of sinking back into recession, the area's economy remains one of the weakest in the United States—where business activity in general is so robust that the Federal Reserve has raised interest rates six times since February to ward off inflation.

Whatever impact higher interest rates may have in slowing the national expansion, they seem certain to hurt the New York region.

Several of its main industries—the banks and brokerage houses of Manhattan, the military contractors of Connecticut and Long Island, and the pharmaceutical companies of New Jersey—are shedding thousands of workers and slashing salaries. Those cuts, along with increased interest rates, are also dragging down other sectors of the economy.

"Just when things started looking like they were going to improve, buyers dropped out," said Bob Sullivan, a sales associate at Prudential-Degnan Boyle

Real Estate in Montclair, New Jersey. The lagging economy could complicate plans by the governors of New York, New Jersey and Connecticut to cut taxes. And Tuesday, aides to Mayor Rudolph Giuliani said New York City's business-tax revenues would be \$200 million lower than expected for the fourth quarter of 1994, largely because of weaknesses in the banking and investment industries.

The regional economy has retained pockets of growth. Tourism has soared,

Some of the region's strongest industries are being undermined by economic changes that are unlikely to be reversed.

helped in part by the low value of the dollar, which has made the region a bargain for foreign visitors.

In New York City, hotels reported a steady increase the last six months in occupancy and room rates, and the region's three international airports reported a surge in both international and domestic travel. But while hotels may be full, many office buildings struggle to find renters for vacant space.

Economists say the local economy is lagging because of several factors. Wall

Street had a bad year because of a poor bond market and an indifferent stock market. And the growth in manufacturing that has fueled the U.S. recovery has largely bypassed the Northeast's aging or abandoned plants.

Furthermore, high costs in the Northeast, from housing to taxes to business expenses, have discouraged expansion.

"The contrast between the brisk job expansion that we are seeing nationally and what we are seeing here has grown even more striking," said Samuel M. Ehrenhalt, the New York regional commissioner of the Bureau of Labor Statistics.

New York state has lost 13,300 jobs since July, 4,800 of them in New York City, Mr. Ehrenhalt said. Connecticut lost 4,200 jobs in November after steady employment growth. New Jersey remains a bright spot, having added 15,400 jobs from July through November.

Among the region's leading industries, the securities sector, composed mainly of Manhattan's brokerage houses and investment banks, has had a particularly rough year.

These companies made large profits from 1988 to 1993 and played a crucial role in leading the region to the beginning of its recovery. But in 1994, "Wall Street has been gloomier," said Matthew Drennan, an economist at New York University.

The securities industry employs only 145,000 workers out of a regional work force of more than 12 million. The num-

See NEW YORK, Page 9

Taipei to Ease Ban On China Ship Link

By Kevin Murphy
International Herald Tribune

HONG KONG—A plan to relax Taiwan's 45-year ban on direct transport links with China would realign Asian trade routes if enacted, shipping industry executives said Friday.

Outlined Thursday as part of Taiwan's effort to become a regional business hub, the measure is an important overture in the sensitive political and economic negotiations under way between two of Asia's largest exporters.

But the plan, which could soon allow foreign-registered ships to carry cargoes between China and Taiwan's southern port of Kaohsiung for shipment to other countries, falls short of full links between the two political rivals.

Because of that, analysts say the policy change is unlikely to usurp Hong Kong's role as China's dominant seaport and the world's busiest container port—although it could slow a rate of growth now threatening serious congestion in Hong Kong unless new facilities are built.

"It would have to be considered a major change in Asian ocean transport and the options it gives shipping lines and their customers doing business in China," said Leslie Bostwick, general manager of operating services in Asia for Sea-Land Service Inc.

"I'm not sure anybody knows the exact impact of this right now," Mr. Bostwick said. But he said it would probably mean that some cargo now originating in China and passing through Hong Kong would switch to Kaohsiung for loading onto giant container ships headed for North America or Europe.



Map showing shipping routes between Taiwan, China, and other Asian countries.

Kaohsiung is already one of the world's busiest container ports, but the ban on direct transport links to the mainland means it handles little of China's surging export flows. Two-way trade with China in the first three quarters of 1994 rose 11.6 percent, to \$11 billion, all of which was routed through third countries because of the ban.

Taipei has refused to open direct transport and communications links with China unless Beijing renounces the option it claims of using force against Taiwan if it were to formally declare itself independent of China.

But Taiwan's business community has increasingly urged the government to ignore political considerations in pushing for a greater role in China's rapidly growing economy, a stance Beijing has encouraged.

"Since the Chinese Communists want economic and trade cooperation, we hope they can make some friendly response," Vincent Siew, head of the Taiwan's policy-making Mainland Affairs Council, said. The shipping plan must still be endorsed by Taiwan's Parliament.

While shipping companies welcomed the proposal, major

See SHIPPING, Page 8

Disney Rewards Eisner

Bloomberg Business News

WASHINGTON—Walt Disney Co. paid its chairman and chief executive officer, Michael Eisner, a bonus worth about \$9.9 million for the 1994 financial year, according to documents filed Friday with the Securities and Exchange Commission.

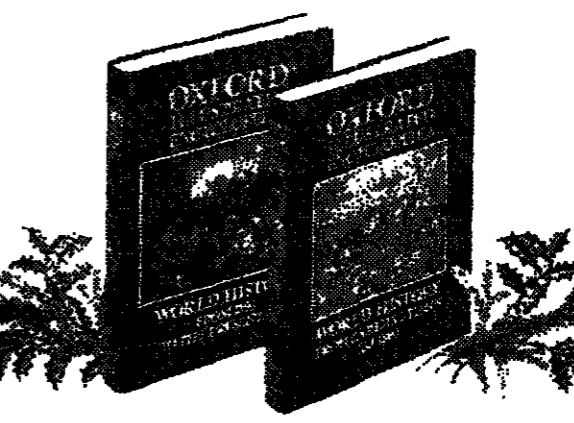
Mr. Eisner, 52, received a \$7.2 million cash payment and 60,618 shares of restricted stock, lifting his total pay package for the year ended Sept. 30 to \$10.65 million.

Mr. Eisner's bonus was not based on performance but on a formula that compares the company's net income with its return on shareholders' equity. He received no bonus for 1993, when losses tied to Euro Disney SCA and accounting adjustments cut Disney's net income to \$299.8 million.

The company bounced back in the 1994 financial year, earning a record \$1.1 billion.

Source: Reuters.

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Herald Tribune

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Buenos Aires	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
Canada	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
Frankfurt	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
London (C)	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
Madrid	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
Mexico	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
New York (B)	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
Paris	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
Tokyo	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
Yokohama	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
Zurich	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
1 ECU	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334
1 SDR	1.252	2.691	1.339	1.334	1.332	1.334	1.334	1.334	1.334	1.334

Closings in Amsterdam, London, Paris, New York, Toronto and Zurich. Closings in other centers.
*0: To buy one pound; 1: To buy one dollar; * 1: Units of 100; N.L.: not quoted; M.L.: not available.*

Eurocurrency Deposits

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1 month	5 1/2-5 3/4	4 1/2-5	3 1/2-4 1/4	4 1/4-5	5 1/2-6 1/4	2 1/2-3	5 1/2-6 1/4
3 months	4 1/2-5	3 1/2-4	3 1/4-4 1/4	4 1/4-5	5 1/2-6 1/4	2 1/2-3	5 1/2-6 1/4
6 months	4 1/4-5	3 1/4-4	3 1/4-4 1/4	4 1/4-5	5 1/2-6 1/4	2 1/2-3	5 1/2-6 1/4
1 year	7 1/2-8 1/4	5 1/2-6 1/4	4 1/4-5	5 1/2-6 1/4	5 1/2-6 1/4	2 1/2-3	5 1/2-6 1/4

Sources: Reuters, Lyons Bank
Rate applied to interbank deposits of 40 million minimum (or equivalent).

Key Money Rates

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1 month	5 1/2-5 3/4	4 1/2-5	3 1/2-4 1/4	4 1/4-5	5 1/2-6 1/4	2 1/2-3	5 1/2-6 1/4
3 months	4 1/2-5	3 1/2-4	3 1/4-4 1/4	4 1/4-5	5 1/2-6 1/4	2 1/2-3	5 1/2-6 1/4
6 months	4 1/4-5	3 1/4-4	3 1/4-4 1/4	4 1/4-5	5 1/2-6 1/4	2 1/2-3	5 1/2-6 1/4
1 year	7 1/2-8 1/4	5 1/2-6 1/4	4 1/4-5	5 1/2-6 1/4	5 1/2-6 1/4	2 1/2-3	5 1/2-6 1/4

United States

	Close	Prev.	1/2	3/4	1	2	3	4	5	6	7	8	9	10	11	12
Discount rate	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Prime rate	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4
Federal funds	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
1-month CDs	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Comm. paper 90 days	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
6-month Treasury bill	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
1-year Treasury bill	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
2-year Treasury bill	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
3-year Treasury bill	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
4-year Treasury bill	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
5-year Treasury bill	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
30-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
10-year Treasury note	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1	

MARKET DIARY

Big Surge in Jobs Ignites the Dollar

Compiled by Our Staff From Dispatches
NEW YORK — The dollar climbed sharply Friday after a strong December unemployment report that pointed to higher interest rates.

The number of people out of work last month was the lowest in four years, the Labor Department said.

Foreign Exchange

Overall, 3.5 million jobs were created in 1994, the largest annual gain in a decade.

"This employment report confirms that the economy ended 1994 on a very strong note and that its momentum will be carried into early 1995," said chief economist Wayne Aysers at Bank of Boston. "The fundamentals are dictating the recent upticks in the dollar."

"The market was looking for the right number to give the dollar a rally at the beginning of 1995," said Hilte Waxman, manager of currency trading at Bank Leumi Trust Co.

The U.S. currency climbed to 1.5635 Deutsche marks, from

1.5507 DM on Thursday, and to 101.375 yen, from 100.875.

The British pound ended at \$1.5495, after \$1.5631.

The dollar rose to 1.3100 Swiss francs, from 1.3015 francs, and to 5.3988 French francs, from 5.3530 francs.

Concern over political instability in Russia pressured European currencies, triggering a late sell-off in currency futures that helped the dollar close above 1.5625 DM.

In Mexico City, the peso fell to a record low against the dollar in late trading. Dealers attributed the decline to a surge of speculative demand for the U.S. currency. The dollar was quoted at 5.3500 on Thursday.

Strength in the dollar was linked to the increasing possibility that the Federal Reserve Board will raise interest rates again this month.

Gold for February delivery on the Commodity Exchange dropped \$4.40 an ounce, to \$372.20, on interest-rate jitters.

(Knight-Ridder, Reuters, AP, Bloomberg)

STOCKS: Wall Street Rebounds

Continued from Page 7

rate by half a percentage point. On the employment front, said Aubrey Zaffuto of A.Z. Advisory, the question is whether retail employment can continue growing at the same pace after

paced the market's rise, as the December employment report focused investor attention on the economy's vigor. Cyclical stocks, whose profits expand and shrink along with the economy, outpaced steadier-growing consumer shares.

The Dow Jones industrial average closed 16.49 points higher, at 3,867.41.

Advancing issues led declines by a 4-to-1 ratio on the New York Stock Exchange, where volume was 310.9 million shares.

The benchmark 30-year Treasury bond rose 5/32, to 95 26/32, to yield 7.86 percent, down from 7.88 percent on Thursday.

Telefonos de México's American depositary receipts, which fell 1 1/2 to 36 1/2, led Big Board trading volume. Mexican stocks moved lower in continued reaction to that country's financial crisis and a further drop in the peso, with the Bolsa's IPC index losing 0.84 percent.

Apple Computer soared 3 1/2, to 42 1/2, which pulled other computer issues higher. Oracle Systems rose 1/2, to 42 1/2, and Dell Computer rose 1 1/2, to 45 1/2.

Auto shares gained on strong sales. General Motors rose 1/4, to 43 1/2, and Chrysler rose 1, to 52 1/2.

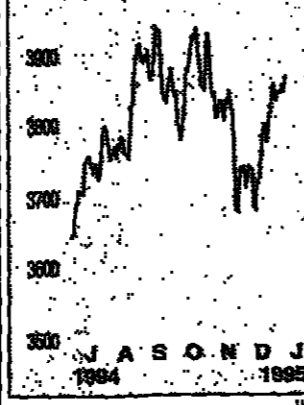
Paper and lumber stocks jumped after the industry's earnings estimates were raised.

International Paper jumped 1 1/2, to 77, and Georgia-Pacific added 1 1/2, to 75 1/2.

Computer, paper, semiconductor and aluminum stocks

The Dow

Daily closings of the Dow Jones industrial average



NYSE Most Actives

Ticker	Vol.	High	Low	Chg.
AT&T	2,571,379	34 1/4	34 1/4	+1 1/4
IBM	2,571,379	34 1/4	34 1/4	+1 1/4
Microsoft	2,571,379	34 1/4	34 1/4	+1 1/4
Oracle	2,571,379	34 1/4	34 1/4	+1 1/4
Apple	2,571,379	34 1/4	34 1/4	+1 1/4
IBM	2,571,379	34 1/4	34 1/4	+1 1/4
Microsoft	2,571,379	34 1/4	34 1/4	+1 1/4
Oracle	2,571,379	34 1/4	34 1/4	+1 1/4
Apple	2,571,379	34 1/4	34 1/4	+1 1/4

NASDAQ Most Actives

Ticker	Vol.	High	Low	Chg.
AT&T	2,571,379	34 1/4	34 1/4	+1 1/4
IBM	2,571,379	34 1/4	34 1/4	+1 1/4
Microsoft	2,571,379	34 1/4	34 1/4	+1 1/4
Oracle	2,571,379	34 1/4	34 1/4	+1 1/4
Apple	2,571,379	34 1/4	34 1/4	+1 1/4
IBM	2,571,379	34 1/4	34 1/4	+1 1/4
Microsoft	2,571,379	34 1/4	34 1/4	+1 1/4
Oracle	2,571,379	34 1/4	34 1/4	+1 1/4
Apple	2,571,379	34 1/4	34 1/4	+1 1/4

AMEX Most Actives

Ticker	Vol.	High	Low	Chg.
AT&T	2,571,379	34 1/4	34 1/4	+1 1/4
IBM	2,571,379	34 1/4	34 1/4	+1 1/4
Microsoft	2,571,379	34 1/4	34 1/4	+1 1/4
Oracle	2,571,379	34 1/4	34 1/4	+1 1/4
Apple	2,571,379	34 1/4	34 1/4	+1 1/4
IBM	2,571,379	34 1/4	34 1/4	+1 1/4
Microsoft	2,571,379	34 1/4	34 1/4	+1 1/4
Oracle	2,571,379	34 1/4	34 1/4	+1 1/4
Apple	2,571,379	34 1/4	34 1/4	+1 1/4

Market Sales

Ticker	Vol.	High	Low	Chg.
AT&T	2,571,379	34 1/4	34 1/4	+1 1/4
IBM	2,571,379	34 1/4	34 1/4	+1 1/4
Microsoft	2,571,379	34 1/4	34 1/4	+1 1/4
Oracle	2,571,379	34 1/4	34 1/4	+1 1/4
Apple	2,571,379	34 1/4	34 1/4	+1 1/4
IBM	2,571,379	34 1/4	34 1/4	+1 1/4
Microsoft	2,571,379	34 1/4	34 1/4	+1 1/4
Oracle	2,571,379	34 1/4	34 1/4	+1 1/4
Apple	2,571,379	34 1/4	34 1/4	+1 1/4

Dow Jones Averages

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

Standard & Poor's Indexes

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

NYSE Indexes

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

NASDAQ Indexes

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

AMEX Stock Index

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

Dow Jones Bond Averages

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

NYSE Diary

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

NASDAQ Diary

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

AMEX Diary

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

Spot Commodities

Commodity	Today	Prev.
Aluminum	1.01	1.01
Copper	1.01	1.01
Gold	1.01	1.01
Oil	1.01	1.01
Silver	1.01	1.01
Wheat	1.01	1.01
Yield	1.01	1.01

EUROPEAN FUTURES

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

Metals

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

Stock Indexes

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

Financial

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

3-MONTH EURO DOLLARS (LIBOR)

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

3-MONTH EURO DOLLARS (LIBOR)

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

3-MONTH EURO DOLLARS (LIBOR)

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

3-MONTH EURO DOLLARS (LIBOR)

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25
Unemp	1,121.25	1,121.25	1,121.25	1,121.25

3-MONTH EURO DOLLARS (LIBOR)

Index	Open	High	Low	Close
Indus	3,867.41	3,867.41	3,867.41	3,867.41
Transp	1,121.25	1,121.25	1,121.25	1,121.25

SBC Buys 8.24% Of British Utility

Bloomberg Business News
LONDON — Yorkshire Electricity PLC said Friday that Swiss Bank Corp. had acquired an 8.24 percent stake in the utility valued at £127 million (\$199 million), but Swiss Bank said the move was not part of a takeover bid.

Swiss Bank Stock Rises on Rumors Of German Deal

Bloomberg Business News
ZURICH — The stock of Swiss Bank Corp. has gained nearly 8 percent in three days on speculation that the bank would form a partnership with the German insurer Allianz AG Holding or Deutsche Bank AG. The talk has offset concern about poor 1994 earnings fueled by comments last weekend from Georges Blum, chief executive of Swiss Bank. It has also allowed Swiss Bank shares to resist the fall in banking shares, which are suffering because of the earnings outlook and prospects for higher U.S. and European interest rates.

Trafalgar's costs in making the bid for Northern.

"I don't think it can be a launching pad for a bid," said Liz Christie, a utility analyst at Goldman, Sachs & Co. Yorkshire shares rose 10 pence Friday, to 740.

British electricity stocks have been rising the past few weeks on speculation that the cash-rich utilities are ripe for takeovers. The only bid so far was Trafalgar's £1.2 billion hostile tender offer for Northern on Dec. 19.

At that time, Trafalgar said it had arranged "contracts for differences" with Swiss Bank, linked to the price of Northern shares and those of "certain other regional electricity companies." The contracts were intended to "provide for certain of the costs and expenses of making the offer," Trafalgar said.

The company said then that the contracts did not involve Trafalgar acquiring Northern shares or rights to them.

Swiss Bank declined to elaborate on its purchase of 17.2 million Yorkshire shares. Yorkshire said the move was simply part of the Swiss Bank's market-making activity in the stock. A market maker is a trader that agrees to buy and sell blocks of a company's shares in an effort to maintain an orderly and liquid market.

A spokesman said Yorkshire Electricity had become aware that Swiss Bank was buying shares and asked the company on Dec. 30 to clarify its position. Yorkshire disclosed the acquisition Friday after receiving a response from Swiss Bank.

If Swiss Bank were buying shares in a rumormongering to bid for Yorkshire, it would have to reveal that to the public after acquiring up to 3 percent of the shares, Ms. Christie said.

Phosphates: Not Guilty?

Partly Industry-Backed Study Clears Them

Bloomberg Business News

LONDON — Phosphates, long blamed for clogging waterways with algae and killing fish, are not the principal cause of such environmental destruction, a new report asserts. The seven-year study, released by the Netherlands Organization for Applied Scientific Research, concluded that other forms of pollution were more to blame for the excess algae clogging 70 percent of Europe's waterways.

European phosphates producers, who partly funded the study, hailed its results. But an environmental group denounced it as misleading. The European Union paid for 90 percent of the 1 million guilder (\$575,000) study, and the phosphates industry paid the rest.

Phosphates are used to soften water and to prevent dirt from getting back into items being washed. But they also act as fertilizers for algae.

"Phosphate does not have the effect that was expected on algae pollution," said Martin Scholten, who directed the study. "It is not the prime cause; it is secondary."

Scientists reasoned that algae infestation had been caused by phosphate runoff from agricultural fields, which accounts for half of phosphate levels in most waterways, and by human sewage and detergents, which account for the other half, according to the U.K. Soap and Detergent Industry Association.

Mr. Scholten said his study had found that

it was largely common pollutants — such as heavy metals, insecticides and oils — that were largely responsible for the spread of algae in waterways. Such pollutants kill plankton, a common predator of algae; algae then proliferate, consuming oxygen in water. As oxygen is depleted, marine life dies.

Representatives of the largest European phosphates producers, including Hoechst AG of Germany, Rhône-Poulenc SA of France, Kemira Oy of Finland and Albright & Wilson Ltd. of Britain, applauded the study.

The environmental group, Greenpeace, however, called it "dangerous." "There is a huge amount of evidence that shows that if you add phosphorus to water, you get an increase in algae," said David Sanullo, a marine and fresh water biologist and Greenpeace representative. "The idea that phosphorus and other nutrients are not responsible for algae buildup is quite ridiculous."

John Driver, environmental director for Albright & Wilson, said he hoped the study would "lead people to exclude phosphates from the list of pollutants contributing to algae growth."

Phosphates are now included in only 40 percent of soap sold in Europe, down from 100 percent in 1980, according to Mr. Driver. About 5 million tons of detergents, valued at \$1.5 billion (\$2.3 billion), is sold in Europe each year, industry groups say.

Russia Lifts A Rate to Buoy Ruble

Compiled by Our Staff From Dispatches

MOSCOW — Russia's central bank raised its discount rate to 200 percent from 180 percent, effective Friday, to try to defend the ruble and curb inflation.

The bank also intervened extensively in the market to defend the ruble. The currency fell 0.6 percent against the dollar, which rose to 3,667 rubles on the Moscow Interbank Currency Exchange. The ruble declined 1.4 percent Thursday.

Bankers and analysts said intervention reached its highest level Friday since an unsuccessful attempt to prop up the ruble in October.

Alexei Sitin, spokesman for the central bank, would not confirm that the bank had intervened. Both the bank and the Finance Ministry also declined to provide figures for currency and gold reserves.

Noting the bank's refusal to release figures, Brian Brown, treasurer at Chase Manhattan's Moscow office, speculated that it might be "a deliberate policy to keep the market guessing."

Government officials have warned that budget pressures could limit the central bank's ability to intervene.

As much as \$6 billion of proposed lending from the International Monetary Fund is destined for a ruble stabilization fund, but an IMF official said last week that Russia would have to meet various conditions, especially reining in its budget deficit.

Analysts estimated the cost of Russia's military campaign in Chechnya at more than \$1 billion, placing a heavy burden on the fragile economy.

(Bloomberg, AFP, Knight-Ridder)

Union Bank Sues a Shareholder

Compiled by Our Staff From Dispatches

ZURICH — Union Bank of Switzerland is seeking damages of 150 million Swiss francs (\$115 million) from a shareholder, charging he was trying to delay restructuring plans.

The financier Martin Ebner is challenging a bid by Union Bank to change its share system. Mr. Ebner, who heads the investment group BK Vision, says the plan will reduce the voting powers of major shareholders.

In its shareholders' letter published Friday, Union Bank said it had filed a counter suit asking for a "provisionally estimated" 150 million francs in compensation from BK Vision. The bank said that was the amount it would lose by delaying its share plan.

Gertrud Erismann, a spokeswoman for Union Bank, said the damages sought would be raised if the legal battle is extended.

At a shareholders' meeting in November, Union Bank nar-

rowly fended off an attempt by Mr. Ebner to streamline the bank's operations to increase high-profit investments, more tailored to benefit the wealthier stockholders.

The bank's share restructuring just barely won the required two-thirds approval.

Some analysts predicted Mr. Ebner would mount another challenge to the bank's management at a meeting in April.

(Bloomberg, AP)

EU Official to Oppose Iberia Aid

AFP-Extel News

BRUSSELS — The European Union's competition commissioner, Karel Van Miert, said Friday he would oppose approval by the European Commission of the state aid sought by Iberia Air Lines of Spain.

In a job-cutting and pay-slashing deal, Iberia's management said it was seeking to create conditions for the EU to authorize a 130 billion peseta (\$1 billion) state bailout.

Mr. Van Miert was speaking at a European Parliament confirmation hearing for the new European Commission.

The competition commissioner is not directly responsible for state aid in the airline sector. But

he casts a vote, along with other commissioners, when a decision on aid is made.

In November, the European Commission adopted guidelines for aid in the aviation industry saying that an airline could receive aid only once, as part of a strict restructuring program and not to increase capacity to the detriment of rival carriers.

Mr. Van Miert said that when the commission approved 120 billion pesetas in state aid for Iberia in 1992 — when he was transport commissioner and thus responsible for the case — the Spanish government made a "black-and-white commitment" not to seek subsequent state aid.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2200	3300	2200
2200	3200	2100
2100	3100	2000
2000	3000	1900
1900	2900	1800
1800	2800	1700
1700	2700	1600
1600	2600	1500
1500	2500	1400
1400	2400	1300
1300	2300	1200
1200	2200	1100
1100	2100	1000
1000	2000	900
900	1900	800
800	1800	700
700	1700	600
600	1600	500
500	1500	400
400	1400	300
300	1300	200
200	1200	100
100	1100	0
0	1000	-100
-100	900	-200
-200	800	-300
-300	700	-400
-400	600	-500
-500	500	-600
-600	400	-700
-700	300	-800
-800	200	-900
-900	100	-1000
-1000	0	-1100
-1100	-100	-1200
-1200	-200	-1300
-1300	-300	-1400
-1400	-400	-1500
-1500	-500	-1600
-1600	-600	-1700
-1700	-700	-1800
-1800	-800	-1900
-1900	-900	-2000
-2000	-1000	-2100
-2100	-1100	-2200
-2200	-1200	-2300
-2300	-1300	-2400
-2400	-1400	-2500
-2500	-1500	-2600
-2600	-1600	-2700
-2700	-1700	-2800
-2800	-1800	-2900
-2900	-1900	-3000
-3000	-2000	-3100
-3100	-2100	-3200
-3200	-2200	-3300
-3300	-2300	-3400
-3400	-2400	-3500
-3500	-2500	-3600
-3600	-2600	-3700
-3700	-2700	-3800
-3800	-2800	-3900
-3900	-2900	-4000
-4000	-3000	-4100
-4100	-3100	-4200
-4200	-3200	-4300
-4300	-3300	-4400
-4400	-3400	-4500
-4500	-3500	-4600
-4600	-3600	-4700
-4700	-3700	-4800
-4800	-3800	-4900
-4900	-3900	-5000
-5000	-4000	-5100
-5100	-4100	-5200
-5200	-4200	-5300
-5300	-4300	-5400
-5400	-4400	-5500
-5500	-4500	-5600
-5600	-4600	-5700
-5700	-4700	-5800
-5800	-4800	-5900
-5900	-4900	-6000
-6000	-5000	-6100
-6100	-5100	-6200
-6200	-5200	-6300
-6300	-5300	-6400
-6400	-5400	-6500
-6500	-5500	-6600
-6600	-5600	-6700
-6700	-5700	-6800
-6800	-5800	-6900
-6900	-5900	-7000
-7000	-6000	-7100
-7100	-6100	-7200
-7200	-6200	-7300
-7300	-6300	-7400
-7400	-6400	-7500
-7500	-6500	-7600
-7600	-6600	-7700
-7700	-6700	-7800
-7800	-6800	-7900
-7900	-6900	-8000
-8000	-7000	-8100
-8100	-7100	-8200
-8200	-7200	-8300
-8300	-7300	-8400
-8400	-7400	-8500
-8500	-7500	-8600
-8600	-7600	-8700
-8700	-7700	-8800
-8800	-7800	-8900
-8900	-7900	-9000
-9000	-8000	-9100
-9100	-8100	-9200
-9200	-8200	-9300
-9300	-8300	-9400
-9400	-8400	-9500
-9500	-8500	-9600
-9600	-8600	-9700
-9700	-8700	-9800
-9800	-8800	-9900
-9900	-8900	-10000

Very briefly:

- Britain registered 7.45 percent more new cars in 1994 than in 1993, for a total of 1.19 million. December new-car registrations fell 0.67 percent from a year earlier.
- Denmark's unemployment rate fell to 11.1 percent in November from 11.4 percent in October, the lowest to that point in 1994.
- The Bank of England said net consumer credit rose to £677 million (\$1 billion) in November from £541 million in October.
- Bayerische Motoren Werke AG said its Rover Group unit would employ 300 additional workers at a new engine plant in England.
- Swissair said it planned to raise its air-cargo freight rates "in the next weeks"; the amount of the increase has not yet been fixed.
- Norway's industrial production fell 0.2 percent in November from October, the Central Statistical office said.
- The Czech Republic's unemployment rate rose to 3.3 percent in December, representing an increase of about 4,000 people from the previous month.
- Fichtel-Bauche SA, the security systems unit of Cie. de Navigation Mixte, said it had sold its Bode-Panzer AG unit, which makes safes for banks, to Berliner Elektro Holding AG. The price was not disclosed.

NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Div	Yld	PE	100	High	Low	Latest	Chg
100	90	1.00	4.00	15.00	100	100	90	100	10
110	100	1.10	4.10	15.10	110	110	100	110	11
120	110	1.20	4.20	15.20	120	120	110	120	12
130	120	1.30	4.30	15.30	130	130	120	130	13
140	130	1.40	4.40	15.40	140	140	130	140	14
150	140	1.50	4.50	15.50	150	150	140	150	15
160	150	1.60	4.60	15.60	160	160	150	160	16
170	160	1.70	4.70	15.70	170	170	160	170	17
180	170	1.80	4.80	15.80	180	180	170	180	18
190	180	1.90	4.90	15.90	190	190	180	190	19
200	190	2.00	5.00	16.00	200	200	190	200	20
210	200	2.10	5.10	16.10	210	210	200	210	21
220	210	2.20	5.20	16.20	220	220	210	220	22
230	220	2.30	5.30	16.30	230	230	220	230	23
240	230	2.40	5.40	16.40	240	240	230	240	24
250	240	2.50	5.50	16.50	250	250	240	250	25
260	250	2.60	5.60	16.60	260	260	250	260	26
270	260	2.70	5.70	16.70	270	270	260	270	27
280	270	2.80	5.80	16.80	280	280	270	280	28
290	280	2.90	5.90	16.90	290	290	280	290	29
300	290	3.00	6.00	17.00	300	300	290	300	30
310	300	3.10	6.10	17.10	310	310	300	310	31
320	310	3.20	6.20	17.20	320	320	310	320	32
330	320	3.30	6.30	17.30	330	330	320	330	33
340	330	3.40	6.40	17.40	340	340	330	340	34
350	340	3.50	6.50	17.50	350	350	340	350	35
360	350	3.60	6.60	17.60	360	360	350	360	36
370	360	3.70	6.70	17.70	370	370	360	370	37
380	370	3.80	6.80	17.80	380	380	370	380	38
390	380	3.90	6.90	17.90	390	390	380	390	39
400	390	4.00	7.00	18.00	400	400	390	400	40
410	400	4.10	7.10	18.10	410	410	400	410	41
420	410	4.20	7.20	18.20	420	420	410	420	42
430	420	4.30	7.30	18.30	430	430	420	430	43
440	430	4.40	7.40	18.40	440	440	430	440	44
450	440	4.50	7.50	18.50	450	450	440	450	45
460	450	4.60	7.60	18.60	460	460	450	460	46
470	460	4.70	7.70	18.70	470	470	460	470	47
480	470	4.80	7.80	18.80	480	480	470	480	48
490	480	4.90	7.90	18.90	490	490	480	490	49
500	490	5.00	8.00	19.00	500	500	490	500	50
510	500	5.10	8.10	19.10	510	510	500	510	51
520	510	5.20	8.20	19.20	520	520	510	520	52
530	520	5.30	8.30	19.30	530	530	520	530	53
540	530	5.40	8.40	19.40	540	540	530	540	54
550	540	5.50	8.50	19.50	550	550	540	550	55
560	550	5.60	8.60	19.60	560	560	550	560	56
570	560	5.70	8.70	19.70	570	570	560	570	57
580	570	5.80	8.80	19.80	580	580	570	580	58
590	580	5.90	8.90	19.90	590	590	580	590	59
600	590	6.00	9.00	20.00	600	600	590	600	60
610	600	6.10	9.10	20.10	610	610	600	610	61
620	610	6.20	9.20	20.20	620	620	610	620	62
630	620	6.30	9.30	20.30	630	630	620	630	63
640	630	6.40	9.40	20.40	640	640	630	640	64
650	640	6.50	9.50	20.50	650	650	640	650	65
660	650	6.60	9.60	20.60	660	660	650	660	66
670	660	6.70	9.70	20.70	670	670	660	670	67
680	670	6.80	9.80	20.80	680	680	670	680	68
690	680	6.90	9.90	20.90	690	690	680	690	69
700	690	7.00	10.00	21.00	700	700	690	700	70
710	700	7.10	10.10	21.10	710	710	700	710	71
720	710	7.20	10.20	21.20	720	720	710	720	72
730	720	7.30	10.30	21.30	730	730	720	730	73
740	730	7.40	10.40	21.40	740	740	730	740	74
750	740	7.50	10.50	21.50	750	750	740	750	75
760	750	7.60	10.60	21.60	760	760	750	760	76
770	760	7.70	10.70	21.70	770	770	760	770	77
780	770	7.80	10.80	21.80	780	780	770	780	78
790	780	7.90	10.90	21.90	790	790	780	790	79
800	790	8.00	11.00	22.00	800	800	790	800	80
810	800	8.10	11.10	22.10	810	810	800	810	81
820	810	8.20	11.20	22.20	820	820	810	820	82
830	820	8.30	11.30	22.30	830	830	820	830	83
840	830	8.40	11.40	22.40	840	840	830	840	84
850	840	8.50	11.50	22.50	850	850	840	850	85
860	850	8.60	11.60	22.60	860	860	850	860	86
870	860	8.70	11.70	22.70	870	870	860	870	87
880	870	8.80	11.80	22.80	880	880	870	880	88
890	880	8.90	11.90	22.90	890	890	880	890	89
900	890	9.00	12.00	23.00	900	900	890	900	90
910	900	9.10	12.10	23.10	910	910	900	910	91
920	910	9.20	12.20	23.20	920	920	910	920	92
930	920	9.30	12.30	23.30	930	930	920	930	93
940	930	9.40	12.40	23.40	940	940	930	940	94
950	940	9.50	12.50	23.50	950	950	940	950	95
960	950	9.60	12.60	23.60	960	960	950	960	96
970	960	9.70	12.70	23.70	970	970	960	970	97
980	970	9.80	12.80	23.80	980	980	970	980	98
990	980	9.90	12.90	23.90	990	990	980	990	99
1000	990	10.00	13.00	24.00	1000	1000	990	1000	100

ASIA/PACIFIC

Property Shares Deepen Slide In Hong Kong

Compiled by Our Staff From Dispatches

HONG KONG — Hong Kong stocks tumbled nearly 3 percent to a 16-month low Friday amid concern that property prices in the territory would continue to slide.

Worries about higher U.S. interest rates and threats of a China-U.S. trade war added to the pressure.

The Hang Seng Index closed down 235.13 points, to finish the week at 7,683.25.

Meanwhile, with Hong Kong shares down some 6.2 percent this week alone, Berjaya Holdings (Hong Kong) Ltd. scrapped plans for a Hong Kong rights issue and a proper-

ty joint-venture in China because of market conditions.

Berjaya, controlled by Berjaya Group Bhd. of Malaysia, has interests in property, securities investment and freight and courier services. It said the joint-venture agreement it signed with Shanghai Huifeng Real Estate Development Co. on Nov. 30 would "cease to be of any effect."

The agreement had hinged on Berjaya's ability to raise money with the share sale.

Several major property developers in Hong Kong have been offering new apartments at discounts to late-1994 prices, sparking a sell-off in property shares.

Property developers such as Wheelock & Co., Wharf (Holdings) Ltd. and Sun Hung Kai Properties Ltd. slumped after real estate companies, including Cheung Kong (Holdings), cut the prices of some apartments.

Hong Kong's decline spilled over into other Asian markets, with Tokyo falling 0.49 percent, Sydney 0.10 percent and Taipei 1.88 percent.

Investors were also concerned that the U.S. employment report due Friday would signal a robust economy, prompting the U.S. Federal Reserve Board to raise interest rates at the end of this month. That would pressure Hong Kong banks to raise rates, too.

(Bloomberg, Reuters, Knight-Ridder)

Jardine Shines In First Week In Singapore

Bloomberg Business News

HONG KONG — Jardine Matheson Holdings Ltd. surprised the skeptics with a strong performance in its first week of trading in Singapore after leaving the Hong Kong bourse.

Its shares closed Friday at \$7.80, up 9 percent from \$5.25 Hong Kong dollars (\$7.14) on Dec. 30.

The trading and investment giant moved its shares from Hong Kong in anticipation of the British colony's reversion to Chinese control in 1997.

Some analysts said Jardine was benefiting from being out of the Hong Kong limelight.

"They have been able to keep their credibility and have shown that there is light after Hong Kong," said Andrew Hall, research director at Morgan Grenfell Asia Securities.

Separately, the company's Jardine Fleming affiliate is the first foreign brokerage house to apply for full membership in the Korea Stock Exchange, its Seoul manager said.

Is Apple Too Big a Bite?

Some Say Matsushita Won't Be Tempted

Bloomberg Business News

TOKYO — Can Matsushita Electric Industrial Co. really afford to buy another American company?

Just three months after the electronics giant became involved in a highly publicized spat with MCA Inc., its film-making subsidiary, a computer industry publication has reported that Matsushita may be thinking of buying into Apple Computer Inc.

The Jan. 16 edition of Information Week magazine reported that Matsushita, the software maker Oracle Systems Corp. and Philips Electronics NV of the Netherlands were discussing a possible takeover of Apple for more than \$7.1 billion, a 43 percent premium to Apple's current market value of \$4.98 billion.

Apple's shares were up \$3.625 at \$42.50 in over-the-counter trading Friday afternoon.

A Matsushita spokesman said the company had "absolutely no comment" on the magazine report. He said the company had no direct ties of any kind with Apple, Apple and Oracle also refused to comment on what they called "rumors."

Analysts in Tokyo said the prospect of Matsushita investing as much as \$2 billion for a stake in Apple would worry them.

Makio Inui, an analyst at Kleinwort Benson International Ltd. said that if Matsushita had money to spend, it might do better to invest in more semiconductor or liquid-crystal display production. Demand for both of those products is booming.

Apple has been the subject of takeover rumors for several months, with International Business Machines Corp., Motorola Inc. and AT&T Corp. reported at various times to be interested.

"I can understand why Matsushita might be interested, but I don't think it would work," said Takahiko Uneyama, senior analyst in Tokyo for IDC Corp.

Apple has a reputation for creativity that Matsushita lacks, he said, and splitting Apple into separate software and hardware companies, as Information Week reported the buyers may do, would destroy that reputation.

Apple may also not have much left to offer of its old creative genius, Mr. Uneyama said. Falling earnings and Apple's troubles with selling its Newton electronic portable information tool have hit the company hard.

Analysts are also concerned that Matsushita may be considering a new U.S. venture so soon after being burned by its takeover of MCA. "That the management could be thinking of doing the same thing again is worrying," said Mr. Inui of Kleinwort Benson.

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Friday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

T-43-Y		W-43-Z	
100%	100%	100%	100%
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6%	6%	6%	6%
5%	5%	5%	5%
4%	4%	4%	4%
3%	3%	3%	3%
2%	2%	2%	2%
1%	1%	1%	1%
0%	0%	0%	0%

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect state trades elsewhere. *Via The Associated Press*

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FIRST COLUMN

Regulation: Stifling, or Liberating?

THIS month, named for two-faced Janus, is a particularly good time to reflect on the ambivalent nature of financial markets. In trading currencies, stocks and bonds there is no such thing as objective truth. All news is either good (as it may well be for the dollar this year) or bad (as will probably be the case for bonds in the early months).

If market sentiment is to buy dollars and sell bonds, just about all economic data, political turmoil and unexpected "fresh factors" will be interpreted accordingly. It all depends on the extraordinarily febrile thing known as market sentiment — it all depends which way Janus is looking.

Ask Janus to pronounce on homogeneity, the standardization of financial markets, and you will get a similarly ambivalent response. Is it a good thing? The answer is yes and no: It all depends what you want, where you are coming from.

From an investment angle, homogeneity is broadly unwelcome. There are already rumblings of protest from early entrants to the lesser-known, or "emerging," markets that things are not what they used to be. Some purists argue that the increased popularity of emerging markets as a home for Western capital has led to an unwelcome standardization of investment conditions. The unique opportunities that the specialists like to boast about are being turned into targets for Western mutual-fund companies.

Consequently, the capital will flow into these opportunities, whether unique or not. The downside of this is doubly unwelcome: When the small investors decide they want their money back (if this happens on a large scale, it usually means panic), the mutual funds must sell, however reluctantly. So these special, long-term investment prospects may suddenly be starved of capital and the markets will suffer the consequences of attracting the smart of the masses. It is as if some ultra-smart restaurant has been discovered and ruined by the tourist trade.

If you want regulation and good financial reporting from international companies, however, homogeneity is essential. But the goal of internationally accepted accounting standards is far from being achieved. Hence the variety of regulatory bodies across so many financial centers. Hence, particularly, the importance that they do their jobs well.

M.B.

Benefit of International Funds Is Taxes, and, Well, Taxes

By Barbara Wall

IN their quest for new and innovative investment products, adventurous investors in many countries are increasingly looking beyond locally based funds to the international funds market. But, aside from the substantive investment question of whether these funds are good investments in themselves, there are other, more practical aspects to consider.

For the individual investor the first question is where to find information on such funds. For the fund management groups who sell these products, the difficulty is how to retail across national frontiers while complying with regulatory and taxation constraints. Some industry observers doubt whether international fund management groups will ever achieve the mass appeal they crave.

After the investor and the fund company have found one another, the real benefits and perils of offshore investment become obvious. The benefits include taxation advantages — an important, if not the prime, reason for investing in funds domiciled offshore. The counterbalancing risk of offshore investment is security. As evidence of this, the investor should look for either a safety net in the form of a compensation plan, or a financial police force, in the form of regulators.

Marketing and Taxation

The application throughout the European Union of the directive on open-ended collective investment undertakings, known as UCITS, removed many regulatory barriers to the cross-border marketing of funds. Nevertheless, significant tax barriers remain.

The problems for funds wishing to market across borders elsewhere in the world are even greater due to the complete absence of regulatory and of taxation norms.

Many of the international funds are based in such so-called offshore tax havens as Dublin, Luxembourg and Jersey, where income and gains produced by the funds are tax free.

However, Robert Finney, a tax specialist with the London law firm Denton, Hall, Bergen & Warren, warns that the taxation of the fund in the home country is not the main concern.

"Most fund jurisdictions have favorable tax laws," he said. "Investors should be more concerned about how the investments are to be taxed in the target country and the availability of treaty benefits before they part with their money."

Some countries will impose a withholding tax on investment dividends and interest paid to the fund. If the fund is located in a jurisdiction which has a double tax treaty with the country where the investments are being made, withholding tax can be reduced or even eliminated.

The tax treatment of investors in the home country also requires careful examination. Most investors will be subject to tax on income derived from the investment and on gains realized on the investment. A credit may be available for foreign taxes paid, but this is not a foregone conclusion. If the fund is not deemed fiscally transparent, the investor may not be able to obtain a credit for any underlying taxes paid by the fund.

"In many cases, investors will find that, from a tax angle, they are better off investing in a local fund rather than in a foreign-based fund," said Robert Barker, a tax partner with the accountants KPMG Stokes, Kennedy, Crowley in Dublin. "This is because a number of countries have a bias in the tax system against individuals investing in foreign funds."

For example, Italy levies a net-wealth tax on the value of interests in foreign funds held by Italian residents at twice the rate levied on domestic funds. Meanwhile, German investors are taxed on the income and gains of a nonresident fund, whereas locally based funds are tax free.

Some jurisdictions have attempted to attract nonresident investors by revising existing taxation legislation. "Until recently, a U.K. UCITS was considered a poor choice for nonresident investors because of the way in which the fund was taxed," said Howard Ross, a tax partner with the law firm Clifford Chance in London.

"Since the tax laws were changed," he added, "a U.K. UCITS can compete on an equal footing with UCITS products from other EU countries."

Luxembourg continues to attract the lion's share of international fund business by virtue of its central location and favorable infrastructure, but Dublin is beginning to catch up in the popularity stakes.

Both domiciles have the distinction of being offshore in the sense that income and gains from investments are tax-free for nonresidents, but on-shore in that they are members of the EU and can be used as a base from which to market pan-European investment products.

The Cayman Islands, British Virgin Islands, Bermuda, and the Turks and Caicos Islands offer all the tax advantages of European offshore locations but they are rarely used as a base for retail funds. Tim Shipton, a tax partner with the law firm Linklaters & Paine in London said that these locations are an ideal base for highly geared designer funds because of the absence of regulatory constraints.

"There are few, if any, investment restrictions, and funds can be set up quickly with the minimum of documentation," he said.

Tom Phillip, a tax partner with Baker & Mackenzie in London, said, "The local regulatory environment is extremely important where investor security is concerned."

Regulation of Mutual Funds											
Numbers (left column) refer to nine questions on fund regulation											
1) Must accounts be published to public?	2) Must prospectus be approved/published?	3) Are funds of funds permitted?	4) Are umbrella funds permitted?	5) Restrictions on % of units held by 1 person?	6) Restrictions on fund borrowing powers?	7) Trustees/custodians/managers fees restricted?	8) Cost of setting up fund?	9) Time to set up fund (months)?			
Argen.	Australia	Austria	Bahamas	Belgium	Bermuda	BVI	Canada	Caymans	Cyprus		
1 yes	yes	yes	yes	yes	yes	yes	yes	yes	yes (2)		
2 yes	yes	yes	yes	yes	yes	yes	yes	yes	yes (2)		
3 no	yes	no	yes	yes	yes	yes	yes	yes	yes		
4 no	yes	no	yes	yes	yes	yes	yes	yes	yes		
5 no	no	no	yes	yes	yes	yes	yes	yes	yes		
6 yes	no	yes	no	yes	no	no	yes	no	no		
7 no	no	no	no	no	no	no	no	no	no		
8 (1)	AS\$20,000	ATS	\$2,000	(1)	\$20,000	\$10,000	Cdn\$	(1)	(1)		
9 3	2-6	\$5,000	\$10,000	1	\$30,000	\$25,000	\$100,000	3	2-3	(1)	
Denmark	Finland	France	Germany	Gibraltar	Guernsey	Hong Kong	Ireland	Isle of Man	Italy		
1 yes	yes	yes	yes	yes	yes	yes	yes	yes	yes		
2 yes	yes	yes	yes	yes	yes	yes	yes	yes	yes		
3 no	no	no	no	yes	yes	yes	yes (6)	yes	no		
4 yes	no	no	no	yes	yes	yes	yes	yes	no		
5 no	no	no (5)	yes	yes	yes	yes	yes	yes	no (5)		
6 yes	yes	yes	yes	yes	yes	yes	yes	yes	yes		
7 no	no	no	no	yes	yes	yes	yes	yes	no		
8 DK100	(1)	FFR	DM	(1)	£10,000	US\$50,000	£15,000	£50,000	Lira 100 m		
9 200,000	2-3	100,000	100,000	6	-60,000	1-2	1-3	1	1		
Japan	Jersey	Korea	Luxemb. (6)	Malaysia	Malta	Netherlands	Neth. Ant.	N. Zeal.	Philipp.		
1 yes	yes (12)	no	yes	yes	(8)	yes	no	yes	no		
2 yes	yes	no	yes	yes	(8)	yes	yes	yes	yes		
3 yes	yes	no	yes	yes	(8)	yes (13)	yes	yes	yes		
4 no	yes	no	yes	no	(8)	yes (13)	yes	yes	no		
5 no	no	no	no (5)	no	(8)	no	no	no	no		
6 no (4)	no	yes	yes	yes	(8)	no (13)	no	no	yes (10)		
7 no	no	yes	yes	yes	(8)	yes/no (7)	yes	yes	yes (10)		
8 (1)	(1)	(1)	FF750,000,000	US\$8,000	(8)	(1)	US\$5,000	NZ\$	8,000		
9 1-3	1-2	1	3-6	6-12	(8)	3	1	1	1		
Portugal	Singapore	S. Africa	Spain	Sweden	Switzerland	Taiwan	Turks & Caicos	U.K.	U.S.		
1 yes	yes	yes	yes	yes	yes	yes	yes	yes	yes		
2 yes	yes	yes	yes	yes	yes	yes	yes	yes	yes		
3 yes	yes	yes	yes	yes	yes	yes	yes	yes	yes		
4 no	yes	no	no	no	no	no	no	no	no		
5 no	no	yes	yes	yes	yes	n/a (12)	no	yes	yes/no		
6 yes	no	yes	yes	yes	yes	yes	yes	yes (9)	yes (10)		
7 no	no	yes	yes	yes	yes	yes	yes	yes	yes (10)		
8 Ecu50m	-	RM	-	Sa\$3,000	SF50,000	US\$	-	£12,000	£250,000+		
9 3-4	6-12	3-12	12-18	2-3	2-4	3	-	1+	0-12		

FOOTNOTES: 1) Too variable to usefully estimate. 2) If public company. 3) If listed, must provide accounts to stock exchange. 4) No legal restriction, unlikely to be allowed in practice. 5) provided it remains widely held if UCITS. 6) No-UCITS. Yes-non-UCITS. 7) Yes for manager, no for trustee. 8) Law on funds pending. 9) Managers restricted, trustees not. 10) Some states restrict fees. 11) Only closed-end funds may borrow. 12) SIB recognized only. 13) Except for UCITS. 14) The fund has no borrowing powers.

Source: KPMG Stokes, Kennedy, Crowley

International Herald Tribune

A Primer on Offshore Funds: Their Use, Abuse and Other Advantages

By Rodney W. Burton
and Kirsten J. McDonough

BEFORE sending off their life savings to a distant island, investors should understand the pros and cons of investing in offshore funds. In particular, the applicable regulatory and tax rules can substantially affect the risks undertaken by investors and the overall return on the investment.

An offshore fund is the description for a mutual fund that is headquartered in a country known for minimal regulation and low taxes. Offshore funds are often located in such places as Bermuda, the Channel Islands and Malta. To stimulate investment, some nonisland locations, such as Dublin and Luxembourg, have reduced regulation so that they are also considered offshore. "Onshore" locations are everywhere else.

Offshore funds offer investment opportunities and risks investors won't find in traditional markets because they generally have less regulation. Since these funds have lower costs of complying with burdensome regulations, they can pass those savings on to the investor.

Certain investments in high risk securities — such as derivatives, commodities and equities in emerging markets — are more readily available in offshore locations because of the relaxed regulation. However, sometimes these high-risk investments are marketed only to professional or institutional investors, because the regulatory body does not provide much investor protection. Some funds locate offshore in order to go to market quickly and capitalize on a hot market by avoiding the technical requirements of onshore funds, such as prohibition in buying securities from a related party.

In addition to the potential regulation cost savings, there are several other reasons why an investor might find an off-

shore fund attractive. Some investors choose offshore funds to avoid currency controls, or to obtain the protection of confidentiality laws. Other investors use them for financial planning, such as to control the location of assets for estate purposes. Unfortunately, some offshore locations have an unfavorable reputation because a few investors attempt to evade

Generally, offshore funds tend to invest in securities that can be expected to appreciate significantly over the long term.

taxes by hiding assets in locations that only require the voluntary reporting of income and do not disclose the beneficial owner of assets or income to foreign tax authorities.

One of the main reasons for using offshore investment funds is the tax savings they can provide to investors. As a result of passing on the lower cost of regulatory compliance and the tax savings, investing through offshore funds may offer an overall greater rate of return than a direct investment in similar securities.

Generally, offshore investment funds tend to invest in securities that can be expected to appreciate significantly over the long term. Their investment strategy avoids current distribution and reinvests the occasional gains.

The key is organizing the funds in a tax haven, where they can operate without paying taxes on capital gains realized when they sell securities and reinvest all of the proceeds. As the investor is remunerated only when he exits from the fund, he

can potentially defer taxes until he cashes out, depending on the tax rules in his home country.

In contrast, an investor who holds a security directly is, typically, liable for capital gains tax immediately upon its sale. That investor would only have after-tax proceeds available for reinvestment, thereby significantly reducing the total return on the investment.

In deciding where to locate an offshore fund, the fund organizer tries to match the fund's investment plan (i.e., initial cash distribution then long-term growth, or just long-term growth) with the paradise offering the best tax consequences. At least 50 countries exempt capital gains from tax.

Individual investors pay taxes to the governments where they are tax residents. Investors from different tax jurisdictions will have different tax consequences from investing in the same fund. Some investors, such as Americans living abroad, can be tax-resident in more than one country. Some funds design their investment and marketing strategy for a certain type of investor to minimize his taxes.

Even after considering an individual investor's home country taxes, offshore funds are often advantageous. Some countries tax their residents on the capital gains generated by the fund. Offshore funds tend to have minimal capital gains because they hold the securities for long-term growth. Even those funds that generate some capital gains may be beneficial if, for example, the home country tax of the investor is levied at a beneficial capital gains rate.

An investor subject to French tax pays a flat 19.4 percent capital gains tax instead of up to the highest marginal rate of 56.8 percent at 555,460 French francs (\$103,500). If the total annual proceeds are less than 336,700 francs, then the capital gain is completely exempt from French tax. An American investing in a similar offshore fund would pay U.S. tax at the capital gains rate of 28 percent, instead of

potentially at the highest marginal rate of 39.6 percent.

Take the hypothetical example of a British investor with £25,000 (\$39,000) to invest. This investor is excited about the long-term growth prospects of companies specializing in cleaning up hazardous wastes in Eastern Europe. Since this is a new area that could involve high risk, he might find such an investment through an offshore fund based out of the Cayman Islands or Cyprus, which levy no capital gains tax.

The fund would invest in companies paying no current dividends and offering capital appreciation. The fund would make no distributions and would reinvest gains from periodic sales of securities. The investor would only be subject to British income tax on his share of any capital gains of the fund in excess of £5,800 annually. Otherwise he would pay no taxes

until he exits from the fund. At that time, assuming the fund had no realized capital gains, but its value grew at 10 percent annually, the £25,000 investment would have increased to £40,263, with a maximum (after exemption) of £9,463 of the gain being taxed at the marginal rate of up to 40 percent.

Offshore funds can have different legal forms, such as trusts, corporations or even partnerships. This can make a significant tax difference. For example, a U.S. citizen can potentially defer tax by investing through a foreign corporation. However, if the corporation is a so-called controlled foreign corporation or passive foreign investment company, special rules can apply that eliminate U.S. tax deferral. A U.S. taxpayer may prefer investing through a vehicle such as a limited partnership that requires less tax compliance.

There are other specialized funds that

are generally exempt from capital gains tax, such as offshore unit trusts (located in Jersey or Hong Kong) and SICAVs (located in the European Union). However, due to stricter regulation, they often offer a lower rate of return than many offshore funds.

Investors should be cautioned that while these offshore funds may offer significant investment opportunities and tax advantages, they also involve correspondingly greater risks due to reduced regulation and fewer controls over their organizations. The prudent investor is well-advised to fully assess these risks before shipping off any investment capital to an offshore fund.

Rodney W. Burton is a partner with S.G. Archibald in Paris, and Kirsten J. McDonough is a manager with Arthur Andersen International in Paris.

The Money Report is edited by
Martin Baker

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THE MONEY REPORT

1994 European Fund Roundup

Leading European stock mutual funds over one year to Jan. 2, 1995. Value of \$100, income reinvested excluding charges.

Europe/Offshore Funds

Overall performance leaders domiciled in Europe or Offshore Territories.

Fund	Performance	Sector	Volatility
Edinburgh Japan Wts	168.70	Equity Growth	—
Sumit	166.36	Equity Growth	16.336
Manakin Hldgs	152.05	Equity Growth	6.634
Elmity	150.22	Equity Growth	—
Genesis Chile	148.47	Equity Growth	7.677
Brazilian Investment	148.33	Equity Growth	—
Brazilian Inv. Co.	142.81	Equity Growth	12.904
Hill Samuel Japanese Technology	139.51	Equity Growth	7.500
Chidam Equity	138.80	Equity Growth	—
JF Japan Technology	137.54	Equity Growth	8.206
Infinity	137.13	Equity Growth	15.956
Invesco Taiwan Growth	136.91	Equity	8.458
GT Chile Growth	136.48	Equity Growth	6.960
Seahawk International Inc.	136.25	Equity Growth	—
Thornton Taiwan Equity Growth	135.54	Equity Growth	7.096
Prudential Japanese	133.66	Equity Growth	7.739
Fidelity Fds Nordic	133.51	Equity Growth	6.416
Kleinwort Development Fund	133.34	Equity Growth	3.453
Fleming Japanese Wts	133.23	Equity Growth	—
JF Taiwan Trust	133.19	Equity Growth	7.824
Thornton Taiwan Equity Income	132.82	Equity	7.064
Hansard/Fidelity Nordic	132.61	Equity Growth	5.451
Alpha Latin America	132.57	Equity Growth	11.330
Taipei Fund NAV	132.35	Equity Growth	—
Schroder Inst. Jap. Smir Cos.	131.78	Equity Growth	7.046
Hansard/ST Technology	130.70	Equity Growth	—
Baring Korea	130.34	Equity Growth	—
Edinburgh Tokyo	130.28	Equity Growth	7.088
Hill Samuel Japanese General	130.03	Equity Growth	6.834
Sector Average (3575 funds)	98.75		

British Unit Trusts

Fund	Performance	Sector	Volatility
Hill Samuel Japanese Technology	139.91	Equity Growth	7.500
Prudential Japanese	133.66	Equity Growth	7.739
Schroder Inst Jap Smir Cos.	131.78	Equity Growth	7.046
Baring Korea	130.34	Equity Growth	—
Edinburgh Tokyo	130.28	Equity Growth	7.088
Hill Samuel Japanese General	130.03	Equity Growth	6.834
Waverley Penny Share	129.95	Equity Growth	5.590
Dimensional Japanese Small Cos.	129.74	Equity Growth	9.217
NM Japan Smaller Companies	129.51	Equity Growth	8.234
S&P Japan Growth	129.47	Equity Growth	6.999
London & March Japan	129.43	Equity Growth	7.091
Clerical Med Japan Growth	128.08	Equity Growth	7.017
Scott Amicable Japanese	128.92	Equity Growth	7.528
Schroder Tokyo	128.04	Equity Growth	6.198
NatWest Japan	127.70	Equity Growth	—
Manulife Japanese Growth	127.46	Equity Growth	7.411
NM Tokyo	126.96	Equity Growth	7.206
Invesco Japanese Smaller Cos.	126.46	Equity Growth	7.366
Perpetual Japanese Growth	126.32	Equity Growth	7.001
Fidelity Japan Special Sits	126.31	Equity Growth	8.074
Garimore Japan	125.99	Equity Growth	6.999
Fidelity Japan	125.37	Equity Growth	7.594
Old Mutual Japan	125.12	Equity Growth	6.911
M&G Japan Smaller Companies	125.00	Equity Growth	7.404
Confederation Japan	124.99	Equity Growth	5.985
Sector Average (1041 funds)	100.85		

German Investment Funds

Fund	Performance	Sector	Volatility
RK Japan-Invest	128.53	Equity Growth	—
DWS-Japan-Fonds	128.24	Equity	—
MI-Euro-Privatfonds N	126.39	Equity	5.894
Japan-Pazifik-Fonds	124.33	Equity Growth	6.928
FT Nippon Dynamik Fonds	121.86	Equity Growth	6.450

Fund	Performance	Sector	Volatility
ADIG-Aktien-Japan	121.80	Equity Growth	—
DWS-Rohstoffonds	121.71	Equity Growth	5.380
DIT-Pazifikfonds	120.43	Equity Growth	6.522
DWS-Technologiefonds	119.62	Equity Growth	4.197
SMH-SmalCap-Fonds	117.46	Equity Growth	—
Metalbank Aktienfonds DWS	116.75	Equity	3.222
Adasia	116.48	Equity	5.748
MMWI-ASIAK-Fonds	115.23	Equity Growth	6.892
Provesta	114.90	Equity	3.813
Veri-Valueur Fonds	114.82	Equity	4.000
Alkumula	113.65	Equity Growth	2.893
Intervest	113.40	Equity	3.400
DekaSpecial	112.51	Equity Growth	4.359
BB-Asian-Invest	111.69	Equity	—
DIT-Technologiefonds	111.18	Equity Growth	3.790
DWS Deutschland	111.11	Equity Growth	—
MI-Aktien-Privatfonds-W.	111.05	Equity	—
E&G Privat-Fonds MK	110.57	Equity	3.750
Ring-Aktienfonds DWS	110.29	Equity Growth	3.580
Eurovesta	110.08	Equity Growth	3.312
Sector Average (157 funds)	104.715		

French SICAVs

Fund	Performance	Sector	Volatility
Japindex	126.69	Equity	24.060
Indosuez Unijapon	126.63	Equity	22.880
State Street Actions Japon	126.55	Equity	—
Tokyo Index Plus Scav	125.59	Equity	—
Phenix Japon	124.40	Equity	25.340
Japanquint Scav	123.52	Equity	22.950
Partner Japon	122.29	Equity	—
Yama Index	121.36	Equity	23.720

Fund	Performance	Sector	Volatility
Japon Index Gestion	120.73	Equity	25.320
Soleil Levant	119.59	Equity	24.080
Nippon Gan	117.50	Equity	21.090
Saint Honoré Pacifique	115.21	Equity	17.070
Axa Second Marché Complet	114.65	Equity Growth	11.810
Renaissance Europe	114.31	Equity	11.980
NRG Japon	111.86	Equity	—
Asie Innovations	110.61	Equity	—
France Japanaunt	110.26	Equity	17.150
Francis Regions	109.81	Equity Growth	10.020
Ragecroissance	109.64	Equity Growth	12.530
Nouveau Monde	108.66	Equity	21.640
Jupiter	108.18	Equity	13.260
State Street Actions Monde	107.69	Equity	—
Allemagne Investissements	106.76	Equity	10.630
Olmark	106.63	Equity	11.130
Uni Regions	106.63	Equity Growth	12.220
Sector Average (246 funds)	97.31		

Swiss Mutuals

Fund	Performance	Sector	Volatility
Parjapon	120.98	Equity Growth	6.869
Solvator 61	120.78	Equity Growth	1.010
Samurai Portfolio	120.15	Equity Growth	6.094
Pacific-Valor	119.35	Equity Growth	5.870
Multinippon	119.12	Equity Growth	5.083
JapanPortfolio	116.70	Equity Growth	6.556
Skandinavien-Invest	115.54	Equity Growth	5.654
Holland-Invest	115.44	Equity Growth	4.083
Japan-Invest	114.28	Equity Growth	6.144
Japac Fund	113.99	Equity Growth	5.947
Asiavalor	111.68	Equity Growth	3.925
Saft	110.07	Equity Growth	10.331

Fund	Performance	Sector	Volatility
Vontobel Swiss Small Companies	108.84	Equity Growth	—
Crossbow Fund	108.79	Equity Growth	5.824
FAR	108.74	Equity Growth	3.190
AIG Balanced World Fund	109.49	Equity Growth	1.555
Swissca Small Caps	108.69	Equity Growth	—
SBC Small & Mid Caps Switzerland	108.52	Equity Growth	—
GAM (CH) Pacific	108.45	Equity Growth	5.653
Gesi CH	108.43	Equity	3.614
UBS Small Cap Europe	105.70	Equity Growth	—
DH Major Markets	105.18	Equity Growth	—
Universal Fund	104.88	Equity Growth	4.181
Ital Valor	104.65	Equity Growth	9.785
Itac	104.50	Equity Growth	9.282
Sector Average (90 funds)	101.06		

Irish Unit Trusts

Fund	Performance	Sector	Volatility
AIB Inv. Mgrs. Far East Equity	117.24	Equity Growth	6.726
AIB Inv. Mgrs. Irish Equity	110.78	Equity Growth	—
Uster Bank Irish Equity	110.27	Equity Growth	—
AIB Inv. Mgrs. European Equity	108.40	Equity Growth	4.648
AIB Gld Global Portfolio	101.71	Equity Growth	—
AIB Guaranteed UK Equity 5 Yr 2	97.53	Equity Growth	3.991
AIB Inv. Mgrs. US Equity	96.65	Equity Growth	4.397
Bank of Ireland First Equity	95.39	Equity Growth	4.636
AIB Inv. Mgrs. UK Equity	94.93	Equity Growth	4.438
AIB Guaranteed UK Equity 3 Yr 3	94.83	Equity Growth	—
AIB Guaranteed UK Equity 5 Yr 3	92.85	Equity Growth	—
AIB Guaranteed UK Equity 5 Yr 5	91.12	Equity Growth	—
Sector Average (12 funds)	100.56		

Source: Micropal

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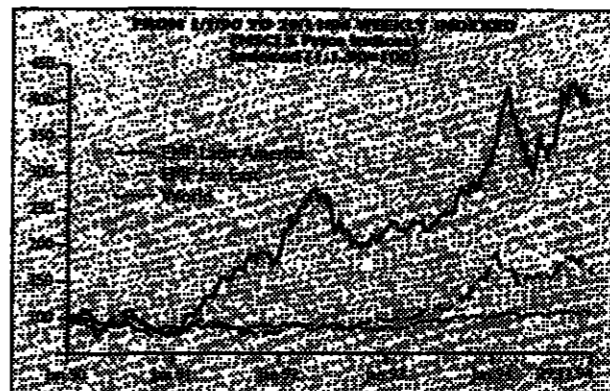
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For more information, call Guinness Mahon Guernsey at Guernsey (44 481) 723 506.

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Nauticus Fund Ltd. Hangs Out Shingle

Investors resilient enough not to head for the nearest exit when the words "hedge fund" or "managed derivatives vehicle" are mentioned may be interested in another of these investments. Nauticus Fund Ltd.

is a Bahamas-based collective investment that will distribute its money to a number of derivative trading managers.

The overall investment manager is Oceanus Asset Management Ltd., the custodian is Euro-Dutch Trust Co. (Bahamas) Ltd., and the auditors are Ernst & Young. Minimum investment is \$100,000 with fees running at 2 percent annually — although this figure is negotiable.

Readers are reminded that funds of this kind are risk investments. Professional advice should be taken before investing.

For more information, call the Bahamas administrators at (1) (809) 325-1044, or fax (1) (809) 323-7918.

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SPORTS

Tomba Wins Giant Slalom for 6th Victory of Season

Compiled by Our Staff From Dispatches
KRANJSKA GORA, Slovenia — Alberto Tomba, Italy's skiing superstar, won a World Cup giant slalom Friday, surging to a huge lead in the overall standings with his sixth triumph this season and moving within one victory of third place in the all-time Cup list.

"La Bomba" claimed victory by nearly a full second with an aggregate time of 2 minutes, 12.01 seconds. He dedicated his victory to the victims of the war in nearby Bosnia, where more than 200,000 people have died or disappeared since April 1992.

The local favorite, Mitja Kunc of Slovenia, and Norway's Harald Strand Nilsen finished 94 seconds back in a dead heat for second.

Christian Mayer of Austria, who was second after the first run, missed the last gate on the second and was disqualified.

Tomba, skiing right after Mayer, could relax a little, relying on his blistering fast run, in which he posted the fastest time, 1:05.44.

Strand Nilsen, seventh after the first run, clocked a second-best time of 1:05.83.

Fourth place went to another local, Jure Kosir of Slovenia, who was clocked in 2:13.04.

It was the best showing this season for the Slovenian skier, who has won 10,000 fans. "To finish second in front of your own people is an amazing feeling," said Kunc. "I never expected it."

Slovenia used to race as part of the Yugoslav team until it

broke away from Yugoslavia in a 10-day war in the summer of 1991.

The war in Bosnia, less than three hours' drive from Kranjska Gora, has raged for 32 months.

Tomba and other skiers wore a "Stop The War!" inscription on their starting bibs. A billboard at the finish carried the same message.

Both Tomba and Kosir had pledged before the race to donate their winnings to Bosnian war victims.

Tomba got 18,000 Swiss francs (\$13,846) and Kosir 4,000 Swiss francs.

"I dedicate this win to those who are the victims of the crazy war so near to where we are today," he said. "I keep on thinking of these people."

"I'm especially happy that I was able to maintain my form from the end of the year," Tomba added. "It's still early to talk about winning the World Cup. We can talk about it again maybe in February."

Kjetil-Andre Aamodt of Norway, the defending overall champion who has been having knee problems this season, dropped out of the first run, leaning too hard into a gate just before the finish.

Conditions on the second leg were better than for the first, when a new snowfall made negotiation of the icy surface of the piste more difficult.

Tomba has now won the first four slaloms of the year and two



With thousands of Italian fans attending the race in neighboring Slovenia, Alberto Tomba was a popular fellow.

of the four giant slaloms. His other giant slalom victory this season was at Alta Badia, Italy, on Dec. 22.

He increased his overall World Cup point total to 650, 334 ahead of Michael Von

Grunigen of Switzerland, who finished 12th on Friday.

Tomba's victory gives him 39 in World Cup competition, one short of Swiss ace Pirmin Zurbriggen, who is third on the all-time list. Ingemar Stenmark of

Sweden is the all-time leader with 86.

Tomba, 28, is a two-time Olympic gold medalist in giant slalom. That and slalom are the favorite disciplines of the Italian, noted for his extravagant

but elegant style, his intense competition spirit and huge fan following.

Thousands of Italians made the trip to neighboring Slovenia for Friday's race.

(AP, Reuters)

The NHL Response To Proposal Is: No

Compiled by Our Staff From Dispatches
NEW YORK — The National Hockey League owners apparently have a response, already, to the players' latest offer to save the season: This won't do.

David Poile, the general manager of the Washington Capitals, couldn't have been more direct when asked what he thought of the players' proposal.

"The present system," the one that led management to institute the lockout, "is better than what's on the table now," Poile said Thursday.

Said Bob Clarke, the Philadelphia Flyers' general manager: "We couldn't agree to play under those terms."

Jack Ferreira, general manager of the Anaheim Mighty Ducks, said he had spoken with the officials of "about 10"

teams "and they all feel the same. It doesn't even come close to being acceptable, as far as we're concerned. It definitely will be rejected."

So with the time for reaching an agreement that would salvage what's left of the season disappearing as fast as ice on a summer day in the Sahara, it appears that what the union calls its "best offer" is not enough. The league's Board of Governors will vote on the proposal on Saturday morning.

A management source, who asked to remain unidentified, said it was possible the owners will offer a counter-proposal.

"The league doesn't want to be the one to reject the last offer," he said. "They don't want to be the 'bad guys.' Then if the season is over, the onus would be on the players."

(WTF, AP)

Baseball: Attack on Contracts

Compiled by Our Staff From Dispatches
NEW YORK — With Congress and the National Labor Relations Board already involved, the Major League Baseball Players Association has opened a new front in its multifaceted attack on the owners' unilateral implementation of a salary cap by declaring that all unsigned players are free agents.

The head of the union, Donald Fehr, sent a letter to man-

agement's chief labor lawyer, Chuck O'Connor, saying the uniform player contracts offered Dec. 23 are defective because they contained new provisions. If successful, the move would set free about 835 players.

Fehr said existing contracts require owners to offer players the same contract language specified in the expired collective bargaining agreement.

(NYT, AP)

2 Star Chinese Lifters Test DHT Positive in Istanbul

LONDON — Two new drug cases have caused further damage to the credibility of China's emerging sports machine.

The International Weightlifting Federation said Friday that two female Chinese lifters have been banned for life after testing positive for anabolic steroids during November's world championships in Istanbul.

The athletes were both gold medalists: Li Dan, who set world records in the snatch in the 82-kilogram-plus (182.5-pound-plus) class, and Wang Shen, who shared first place in the 54-kilogram division.

The IWF's secretary general, Tamas Ajan of Hungary, said both lifters had been stripped of their medals and Li's world record will be thrown out. Under the federation's strict anti-drug rules, any athlete testing positive for steroids is automatically banned for life.

Ajan said Li and Wang had both tested positive for dihydrotestosterone, a banned steroid commonly known as DHT. It is the same substance found in the urine samples of the 11 Chinese athletes, seven of them swimmers, who failed drug tests at the Asian Games in Japan in October.

Meanwhile, an official at the Liaoning Athletic Skills School in Shenyang said Friday that most of China's top women's long-distance runners, including two-time world-record holder Wang Junxia, had left the training base set up by their controversial coach, Ma Junren.

The official, who refused to give his name, said that a track and field training center had been set up for Ma's runners. The women had been training at facilities set up by Ma in Dalian, another Liaoning province city in northeast China.

The official said the women were training and would not be available for interviews.

SCOREBOARD

NBA Standings

EASTERN CONFERENCE

Atlantic Division

W L Pct GB

Orlando 24 6 .200

New York 16 12 .571

Boston 12 17 .414

New Jersey 10 20 .333

Miami 10 19 .345

Philadelphia 10 19 .345

Washington 7 21 .250

Central Division

W L Pct GB

Cleveland 20 9 .690

Indiana 18 10 .643

Charlotte 17 12 .586

Chicago 16 13 .552

Atlanta 12 19 .387

Milwaukee 10 21 .323

Detroit 9 22 .293

WESTERN CONFERENCE

Midwest Division

W L Pct GB

Houston 20 9 .690

Utah 20 10 .667

San Antonio 17 13 .565

Denver 15 14 .517

Dallas 13 16 .448

Minnesota 6 23 .214

Pacific Division

W L Pct GB

Phoenix 23 7 .767

Seattle 22 8 .733

L.A. Lakers 18 9 .667

Sacramento 16 13 .552

Portland 14 14 .500

Golden State 10 19 .345

L.A. Clippers 5 25 .167

THURSDAY'S RESULTS

W L Pct GB

Atlanta 20 9 .690

Miami 10 19 .345

L.A. Lakers 18 9 .667

Rice 9-15-12-24, Celtics 9-14-14-22, Rockets 9-15-12-24, Bulls 9-15-12-24, Pistons 9-15-12-24, Pacers 9-15-12-24, Nets 9-15-12-24, 76ers 9-15-12-24, Cavaliers 9-15-12-24, Wizards 9-15-12-24, Hornets 9-15-12-24, Kings 9-15-12-24, Spurs 9-15-12-24, Mavericks 9-15-12-24, Trail Blazers 9-15-12-24, Timberwolves 9-15-12-24, Grizzlies 9-15-12-24, Suns 9-15-12-24, Jazz 9-15-12-24, Warriors 9-15-12-24, Rockets 9-15-12-24, Bulls 9-15-12-24, Pistons 9-15-12-24, Pacers 9-15-12-24, Nets 9-15-12-24, 76ers 9-15-12-24, Cavaliers 9-15-12-24, Wizards 9-15-12-24, Hornets 9-15-12-24, Kings 9-15-12-24, Spurs 9-15-12-24, Mavericks 9-15-12-24, Trail Blazers 9-15-12-24, Timberwolves 9-15-12-24, Grizzlies 9-15-12-24, Suns 9-15-12-24, Jazz 9-15-12-24, Warriors 9-15-12-24, Rockets 9-15-12-24, Bulls 9-15-12-24, Pistons 9-15-12-24, Pacers 9-15-12-24, Nets 9-15-12-24, 76ers 9-15-12-24, Cavaliers 9-15-12-24, Wizards 9-15-12-24, Hornets 9-15-12-24, Kings 9-15-12-24, Spurs 9-15-12-24, Mavericks 9-15-12-24, Trail 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DAVE BARRY

Here Comes Snowplow Hockey

MIAMI — The problem with winter sports is that — follow me closely here — they generally take place in winter. Winter is both cold AND slippery, which means that if you engage in a typical winter sport such as skiing, you could easily wind up freezing in some godforsaken snowbank, unable to move because one or more of your knees have been converted into ligament gumbos.

FACT: Last year, 17 percent of all recreational skiers were eaten by wolves.

This is why leading health experts recommend that you spend the entire winter in a heated, TV-equipped environment eating Cheez-Its directly from the box. But for those of you who insist on leading an active lifestyle year-round, I'm pleased to report that there is a new winter sport on the scene.

I found out about this sport from Judy Schneek, an alert reader who lives in Wisconsin, who wrote to me in response to a column I'd written about a sport called "car bowling," in which guys try to hit junk cars with bowling balls dropped from airplanes. She said this reminded her of a sport invented by her husband, Mark, and a buddy of his named Bob Thelen.

Some winters ago, Mark and Bob were sitting around a gas station with not much to do. If Mark and Bob had been women, they probably would have passed the time in some nonproductive manner, such as nurturing their friendship, exploring their innermost feelings or helping each other gain significant insights into the important relationships in their lives. But fortunately for humanity in general, Mark and Bob are not women. Mark and Bob are guys, and what they did was invent snowplow hockey.

According to Mark, three factors led to this invention:

1. Mark and Bob each had a vehicle equipped with a snowplow.
2. Both sides of the street were lined by steep, hard snowbanks.
3. Mark's vehicle also contained (no motorist should ever be without one) a bowling ball.

As Mark recalls the moment, he and Bob realized that if they showed the bowling ball with a snowplow, it would be prevented by the snowbanks from leaving the street; it would just bounce off and keep going. "We realized that it would basically roll forever," Mark says.

Which is why you need the other snow-

plow to play defense. And that's how snowplow hockey works. You have your two opposing snowplows facing each other. The player on offense drives forward and gives the bowling ball a hearty shove with his plow; the player on defense then tries to block the ball. The trick on offense is to angle the ball ("It's just like pool," says Mark) so that it caroms off a snowbank and rockets past the defender into the intersection behind him, where it knocks over an elderly woman.

No, seriously, Mark says they play this sport only on deserted streets, and nobody has been injured so far.

"How close do you come to hitting each other?" I asked.

"Too close," replied Mark. He said there are rules about how far forward each snowplow is supposed to go, but "we can't get anybody to come out and referee."

Mark, who in real life is a restaurant manager, says that he and some other guys still play snowplow hockey on a semi-regular basis. "Fortunately, the police have never seen us," he said. "They would probably take our bowling ball away."

I don't know about you, but I think this sounds like a WAY more entertaining brand of hockey than the kind where you have a bunch of stick-waving Canadians skittering frantically around trying to hit a semi-invisible puck roughly the size of a breath mint. Just think, as a sports fan, what it would mean if we had a National Snowplow Hockey League with franchises in all major U.S. cities! It would mean hundreds of pedestrian deaths.

This is clearly a major "ground floor" opportunity for the type of wealthy stupid businessman who likes to own sports teams. Also, you large corporations should be aware that Mark Schneek told me that, as one of the top three or four snowplow-hockey players in the world, he is available for lucrative product endorsements. For example, you could have a commercial wherein Mark snowplows into McDonald's for a hearty meal, taking down most of the building in the process.

My point is that there's plenty of opportunity for everyone who sincerely cares about sports as a way to get rich. But if you're interested, you'd better act fast. Because if this thing gets any more popular, there will definitely be a strike.

Knight-Ridder Newspapers

A Child's Place in the Middle Ages

International Herald Tribune

PARIS — The tinsel is down, costly toys already broken, tiresome Tinsy Tim forgotten until next year. Christmas is over, not a moment too soon, and it could have been worse. In the Middle Ages, the entire month of December was devoted to the child and the festivities did not end until Epiphany, on Jan. 6.

Childhood in the Middle Ages is the subject of an exhibition (until Jan. 15) at the Bibliothèque Nationale, a show drawing on the library's own splendid

MARY BLUME

collections as well as loans and photographic reproductions and, while geared to a young audience, well within its tradition of scholarship and originality.

The intention is to show what home and school life was like and, in the words of the catalogue's author, Pierre Riché, to counter the historian Philippe Ariès's long accepted view that in the Middle Ages a child was seen simply as a shrunken adult.

Among the documents Riché calls on are pediatric manuals, the lives of medieval saints, the best-selling encyclopedia on childhood by the medieval Dr. Spock known as Barthélemy l'Anglais, records of convicted child killers such as Gilles de Rais, and recently excavated toys.

Given the fact that for most people life was nasty, brutish and short, such children as survived (one in three died before the age of 5) generally had childhoods as happy and loving as their parents could provide.

Abortion and contraception were condoned by the church and infanticide punished, so the children were for the most part desired although, in the early Middle Ages, considered somewhat repellent in their physical weakness and general untidiness (Héloïse, turning down Abelard's marriage proposal, reminded him that for a man the noise and messy digestive habits of an infant would be hard to tolerate).

Later, the baby's weakness was taken as a sign of innocence, its ignorance as an opportunity to improve. Holy visions were imparted by children: It was a 3-year-old who suggested to St. Cuthbert that he become a monk, and in France a child showed St. Malo how to get to Brittany.



An illuminated manuscript of an "ordinary family" in a 13th-century Bible.

Childhood was far from joyless although, like the life of adults, rigorous: Medieval French had 60 words for the word *education*, or upbringing. Children's clothes were unisex, included special bonnets to prevent tug ears, and were usually green (a sign of innocence) or red to ward off measles and bleeding.

Wet nurses were used by all except the very poor and were carefully chosen for their morality, cleanliness, good temper, sweet breath and the size of their breasts (breasts that were too large might result in a bent nose). Children were not

weaned until the age of 2 or 3 and then were given carefully chosen bland diets, with a touch of saffron when possible.

There were lots of toys, according to the condition of the parents — dolls, model boats, swords, tops. Butchers' children blew into pigs' bladders — after all, the infant Jesus had played with scraps of wood in Joseph's carpenter's shop.

Children were urged to walk very early and not allowed to crawl. Teething problems were soothed by rubbing the gums with chicken fat, or the brain of roast

hare, or by letting the child suck on the roots of gladioli.

Although fathers cuddled them, children were the mother's responsibility until the age of 7, when the father took a more active role. A father who laughed when his small son stole things was punished when the boy ended on the scaffold and, as a last act, asked to kiss his dad. Instead, he bit his father and pulled his nose to reproach him for allowing him to fall into evil ways.

Girls were given less food than boys but were, when social rank permitted, taught to read and when they went to convent schools at the age of 7 or 8 were taught not only needlework but Latin, Hebrew and Greek.

At school the children wrote on wax tablets and learned to count and do their ABCs on their fingers, knuckles included, which turned an infant hand almost into an abacus. Writing was less necessary than reading (Charlemagne couldn't write).

Arithmetic problems were not unlike the "If I had three apples" examples of today, but in a livelier context. One problem posited a mother saying to her son who was mortally wounded by a snakebite, "Son, if you had lived as long as you have lived and then half again as long, how long would you have lived?"

Since life was short, so was childhood: By canon law girls could marry at 12, boys at 14. Children of aristocrats became pages at the age of 9 or 10, learning to wait on table, groom horses, handle arms and hunt. Poorer children were apprenticed to artisans at 12, the artisan supplying clothes, shoes, food and lodgings, the parents paying a fixed sum and guaranteeing reimbursement for breakage during the learning period. In the country, children went into the fields at the age of 8 or 9.

There was plenty of danger — plague, wicked spells, bandits, kidnappers, horses' hooves. But the merit of the show is in demonstrating that there was also affection and fun. The context, though, sometimes comes as a surprise, as in the lines from a child's primer:

"Are you a student?"

"Yes, I am a student."

"Are you a leper?"

"No, I am not a leper."

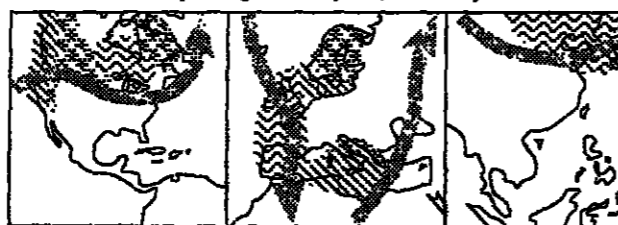
Even the most violent video game cannot bring on a frisson like that.

WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

Europe

City	Today	High	Low	Tomorrow	High	Low
Amsterdam	14/57	64/3	14/57	64/3	14/57	64/3
Antwerp	14/57	64/3	14/57	64/3	14/57	64/3
Brussels	14/57	64/3	14/57	64/3	14/57	64/3
Copenhagen	14/57	64/3	14/57	64/3	14/57	64/3
Dublin	14/57	64/3	14/57	64/3	14/57	64/3
Frankfurt	14/57	64/3	14/57	64/3	14/57	64/3
Geneva	14/57	64/3	14/57	64/3	14/57	64/3
Hamburg	14/57	64/3	14/57	64/3	14/57	64/3
London	14/57	64/3	14/57	64/3	14/57	64/3
Madrid	14/57	64/3	14/57	64/3	14/57	64/3
Munich	14/57	64/3	14/57	64/3	14/57	64/3
Nice	14/57	64/3	14/57	64/3	14/57	64/3
Paris	14/57	64/3	14/57	64/3	14/57	64/3
Rome	14/57	64/3	14/57	64/3	14/57	64/3
Stockholm	14/57	64/3	14/57	64/3	14/57	64/3
Toronto	14/57	64/3	14/57	64/3	14/57	64/3
Vienna	14/57	64/3	14/57	64/3	14/57	64/3
Zurich	14/57	64/3	14/57	64/3	14/57	64/3



North America
The West Coast will see heavy rain Sunday with heavy rain possible again in Los Angeles and Bay Area. San Francisco northward, heavy snow will blanket the Sierra. Snow will end in northern New England Sunday, then the East will be dry and chilly Monday and Tuesday.

City	Today	High	Low	Tomorrow	High	Low
Atlanta	14/57	64/3	14/57	64/3	14/57	64/3
Boston	14/57	64/3	14/57	64/3	14/57	64/3
Chicago	14/57	64/3	14/57	64/3	14/57	64/3
Dallas	14/57	64/3	14/57	64/3	14/57	64/3
Denver	14/57	64/3	14/57	64/3	14/57	64/3
Houston	14/57	64/3	14/57	64/3	14/57	64/3
Los Angeles	14/57	64/3	14/57	64/3	14/57	64/3
London	14/57	64/3	14/57	64/3	14/57	64/3
Madrid	14/57	64/3	14/57	64/3	14/57	64/3
Munich	14/57	64/3	14/57	64/3	14/57	64/3
Nice	14/57	64/3	14/57	64/3	14/57	64/3
Paris	14/57	64/3	14/57	64/3	14/57	64/3
Rome	14/57	64/3	14/57	64/3	14/57	64/3
Stockholm	14/57	64/3	14/57	64/3	14/57	64/3
Toronto	14/57	64/3	14/57	64/3	14/57	64/3
Vienna	14/57	64/3	14/57	64/3	14/57	64/3
Zurich	14/57	64/3	14/57	64/3	14/57	64/3

Legend: heavy, mostly cloudy, cloudy, showers, thunderstorms, rain, drizzle, snow, sleet, fog, mist, haze, wind, waves. All maps, forecasts and data provided by Accu-Weather, Inc. © 1995

Asia

City	Today	High	Low	Tomorrow	High	Low
Beijing	14/57	64/3	14/57	64/3	14/57	64/3
Bombay	14/57	64/3	14/57	64/3	14/57	64/3
Calcutta	14/57	64/3	14/57	64/3	14/57	64/3
Chennai	14/57	64/3	14/57	64/3	14/57	64/3
Colombo	14/57	64/3	14/57	64/3	14/57	64/3
Dhaka	14/57	64/3	14/57	64/3	14/57	64/3
Hong Kong	14/57	64/3	14/57	64/3	14/57	64/3
Kuala Lumpur	14/57	64/3	14/57	64/3	14/57	64/3
Manila	14/57	64/3	14/57	64/3	14/57	64/3
Osaka	14/57	64/3	14/57	64/3	14/57	64/3
Seoul	14/57	64/3	14/57	64/3	14/57	64/3
Singapore	14/57	64/3	14/57	64/3	14/57	64/3
Taipei	14/57	64/3	14/57	64/3	14/57	64/3
Tokyo	14/57	64/3	14/57	64/3	14/57	64/3

North America
Cold air will extend from the north into the Midwest Sunday, with heavy rain possible again in the Midwest Sunday. Snow and rain will also occur over the Midwest Sunday, then the East will be dry and chilly Monday and Tuesday.

City	Today	High	Low	Tomorrow	High	Low
Atlanta	14/57	64/3	14/57	64/3	14/57	64/3
Boston	14/57	64/3	14/57	64/3	14/57	64/3
Chicago	14/57	64/3	14/57	64/3	14/57	64/3
Dallas	14/57	64/3	14/57	64/3	14/57	64/3
Denver	14/57	64/3	14/57	64/3	14/57	64/3
Houston	14/57	64/3	14/57	64/3	14/57	64/3
Los Angeles	14/57	64/3	14/57	64/3	14/57	64/3
London	14/57	64/3	14/57	64/3	14/57	64/3
Madrid	14/57	64/3	14/57	64/3	14/57	64/3
Munich	14/57	64/3	14/57	64/3	14/57	64/3
Nice	14/57	64/3	14/57	64/3	14/57	64/3
Paris	14/57	64/3	14/57	64/3	14/57	64/3
Rome	14/57	64/3	14/57	64/3	14/57	64/3
Stockholm	14/57	64/3	14/57	64/3	14/57	64/3
Toronto	14/57	64/3	14/57	64/3	14/57	64/3
Vienna	14/57	64/3	14/57	64/3	14/57	64/3
Zurich	14/57	64/3	14/57	64/3	14/57	64/3

Legend: heavy, mostly cloudy, cloudy, showers, thunderstorms, rain, drizzle, snow, sleet, fog, mist, haze, wind, waves. All maps, forecasts and data provided by Accu-Weather, Inc. © 1995

PEOPLE

NEWCOMER. Sheryl Crow, took five Grammy nominations, sharing top honors with the veteran artists Bonnie Raitt, Elton John and Bruce Springsteen. Crow was nominated for best new artist, record of the year, album of the year, song of the year and best female rock vocal performance. José Carreras, Plácido Domingo and Luciano Pavarotti were nominated for album of the year for "The 3 Tenors in Concert 1994."

A front-page photograph in the newspaper today on Friday showed Prince Charles in another public kiss at the Swiss ski resort of Klosters, where he had kissed a young aide, Alexandra Legge-Bourke, 24 hours earlier. Pictures inside the paper revealed that the recipient was Tara Palmer-Tomkinson, daughter of friends of the prince's.

A paperweight Nazi Germany gave to Oskar Schindler, whose rescue of 1,200 Polish Jews was recounted in the film "Schindler's List," is going up for auction this month in Pompano Beach, Florida. Auctioneers said the paperweight, with a plaque bearing Schindler's name, had been authenticated by Schindler's widow, Emilie, who said her husband had been given it to commemorate his efforts to supply German troops. Schindler died in 1974.

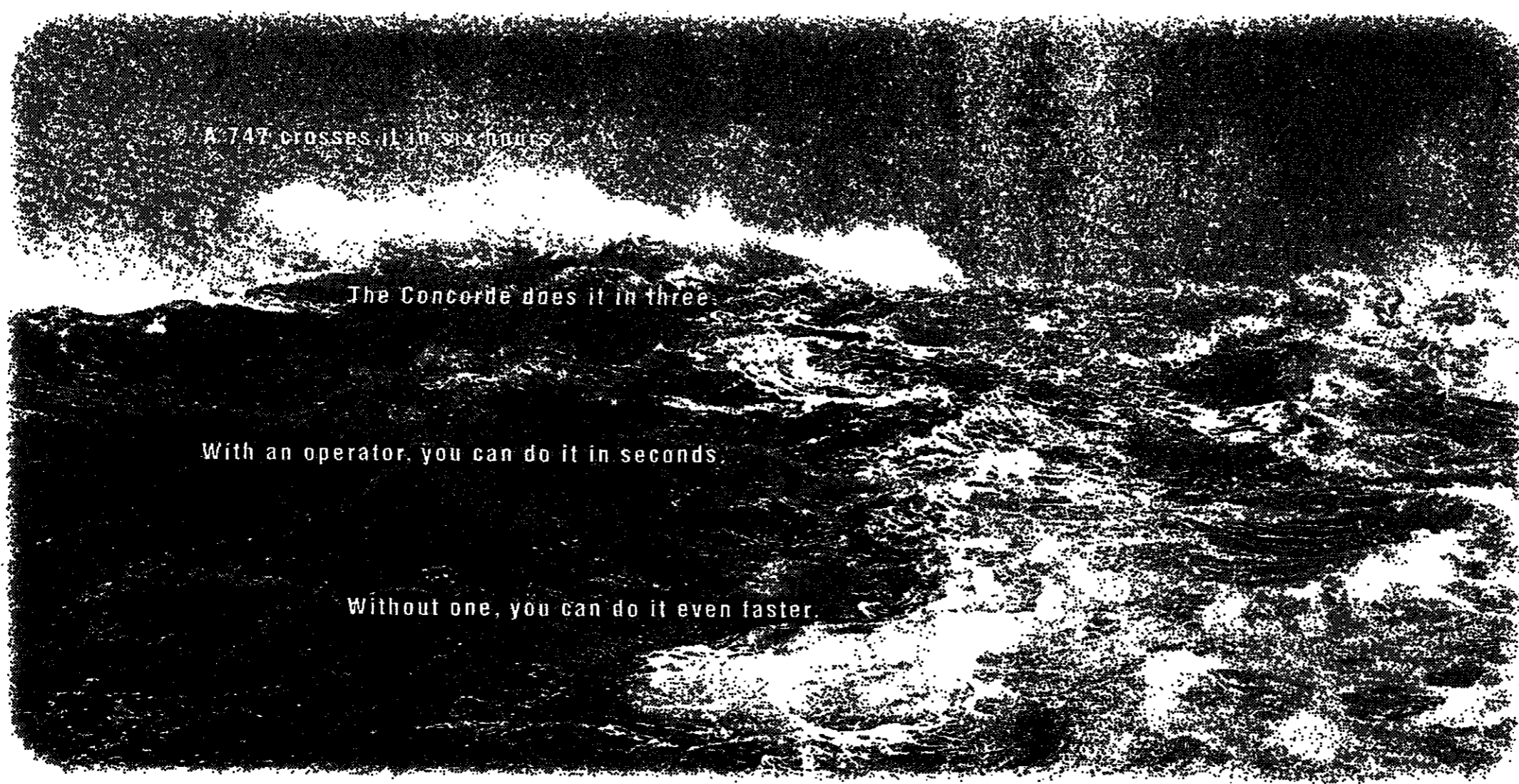
Two Indian women, recently crowned Miss Universe and Miss World, are facing off in a battle for local markets between two U.S.-based cola giants. Asian Age newspaper said Coca-Cola had signed up Sushmita Sen (Miss Universe) to try to check a rival campaign by Pepsi Cola, which features Alishwarya Rai (Miss World).

The sculptor Felix de Weldon, who has executed more than 2,000 public commissions all over the world, is going to Grace-Land in Memphis this weekend to unveil his latest creation: a bust of Elvis Presley. The bust, which depicts Presley in his early 20s, is to be dedicated Sunday as part of a celebration of the singer's 60th birthday.

Roger Moore, one of filmworld's James Bonds, has separated from his wife of 27 years, Luisa, according to his lawyer. Moore has fallen in love with a Danish widow, Christina (Kiki) Tholstrup, according to British media reports.



DEBUT OF A PRINCESS — Prince Akishino and Princess Kiko showing off their newborn daughter, Kako, as they left the hospital in Tokyo. The little princess was born on Dec. 29.



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